Province of
Newfoundland and Labrador

Financial Statements of Crown Corporations, Boards and Authorities
(A - M)

FOR THE YEAR ENDED
31 MARCH 2010

Newfoundland
Labrador

Province of Newfoundland and Labrador

Financial Statements of Crown Corporations, Boards and Authorities

(A – M)

For The Year Ended
31 March 2010

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INTRODUCTION

The Financial Statements of Crown Corporations, Boards and Authorities are a reproduction of the available audited financial statements of various Government organizations as approved by the applicable boards of these organizations. This report is produced alphabetically in two books; A to M and N to Z. The fiscal years noted in the table of contents are based on the fiscal year end of the organization.

Information on the financial position and results of operations of the Province for the 2009-10 fiscal year may be found in the following financial reports:

Public Accounts Volume I – Consolidated Summary Financial Statements

This volume presents the summary financial statements which consolidate the financial statements of the Consolidated Revenue fund with the financial statements of various Crown Corporations, Boards and Authorities, as approved by Treasury Board, which are controlled by the Government of Newfoundland and Labrador.

Public Accounts Volume II – Consolidated Revenue Fund Financial Statements

This Volume presents the financial position of the Consolidated Revenue Fund and the results of its activities on an accrual basis.

Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund

This report presents the actual budgetary contribution (requirement) of the Consolidated Revenue Fund along with details on the actual revenues and expenditures, by program, using the modified cash basis of accounting.

The Financial Statements of Crown Corporations, Boards and Agencies are also available on the Government's website at: http://www.fin.gov.nl.ca/fin/public_accounts/index.html

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BOARD OF COMMISSIONERS
OF PUBLIC UTILITIES

FINANCIAL STATEMENTS

MARCH 31, 2010

NOSEWORTHY CHAPMAN
CHARTERED ACCOUNTANTS

Suite 201, 516 Topsail Rd • St. John's, NL • A1E 2C5
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AUDITORS' REPORT

To: The Board of Commissioners of Public Utilities

We have audited the statement of financial position of the Board of Commissioners of Public Utilities (the "Board") as at March 31, 2010 and the statements of operations, accumulated surplus and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Noseworthy Chapman
Chartered Accountants
St. John's, Newfoundland & Labrador
May 28, 2010

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Financial Position
March 31, 2010

	2010	2009
ASSETS		
Current		
Cash	$1,413,648	$ 1,950,658
Receivables	94,617	65,270
Recoverable costs (Note 4)	1,022,865	121,034
Prepaid expenses	15,785	16,283
	2,546,915	2,153,245
Capital assets (Note 5)	93,987	62,279
	$2,640,902	$ 2,215,524
LIABILITIES		
Current		
Payables and accruals	$ 144,887	$ 173,902
Payroll accruals	463,367	353,166
Designated pension funds (Note 7)	159,864	119,124
	768,118	646,192
Commitments (Note 10)		
ACCUMULATED SURPLUS		
Invested in capital assets	93,987	62,279
Invested in designated pension funds	(159,864)	(119,124)
Internally restricted (Note 8)	1,272,610	1,283,774
Unrestricted	666,051	342,403
	1,872,784	1,569,332
	$2,640,902	$ 2,215,524

On Behalf of the Board

____________________ Chairperson and CEO

____________________ Vice-Chairperson

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Operations
Year Ended March 31, 2010

	2010	2009
Revenues		
Regulatory assessments	$2,451,923	$2,208,131
Interest and other income	2,386	24,744
Pension fund earnings, net of expenses (Note 7)	(895)	3,799
	2,453,414	2,236,674
Expenses		
Amortization	12,239	16,391
Consulting fees	119,840	138,170
Office equipment, supplies and services	64,688	58,113
Pension obligations estimation adjustment (Note 7)	39,845	51,245
Rent and insurance (Note 10)	245,287	235,072
Salaries and associated costs	1,576,303	1,400,439
Telecommunications	31,901	31,508
Training and membership	34,174	33,527
Travel	25,685	51,879
	2,149,962	2,016,344
Excess of revenues over expenses	$ 303,452	$ 220,330

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Accumulated Surplus
Year Ended March 31, 2010

			2010			2009
	Invested in Capital Assets	Invested in Designated Pension Funds	Internally Restricted (Note 8)	Unrestricted	**Total**	Total
Balance as at beginning of year	$ 62,279	$(119,124)	$1,283,774	$342,403	**$1,569,332**	**$1,349,002**
Excess of revenues over expenses	(12,239)	(40,740)	-	356,431	**303,452**	**220,330**
Invested in capital assets	43,947	-	-	(43,947)	-	-
Restricted during the year	-	-	(11,164)	11,164	-	-
Balance as at end of year	$ 93,987	$(159,864)	$1,272,610	$666,051	**$1,872,784**	**$1,569,332**

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Cash Flows
Year Ended March 31, 2010

	2010	2009
Operating activities		
Cash receipts from assessments and other revenues	$ 2,424,067	$ 2,205,106
Cash paid to suppliers and employees	(2,056,039)	(1,932,299)
Cash provided by operating activities	368,028	272,807
Hearing and review activities		
(Increase) decrease in recoverable costs	(901,831)	89,498
Cash (used in) provided by hearing and review activities	(901,831)	89,498
Investing activities		
Purchase of capital assets	(43,947)	(32,979)
Decrease in designated pension funds	40,740	47,446
Cash (used in) provided by investing activities	(3,207)	14,467
(Decrease) increase in cash during year	(537,010)	376,772
Cash position as at beginning of year	1,950,658	1,573,886
Cash position as at end of year	$ 1,413,648	$ 1,950,658

1. General

The Board of Commissioners of Public Utilities (the "Board") is an independent, quasi-judicial regulatory tribunal constituted in 1949 by the Lieutenant-Governor in Council pursuant to the *Public Utilities Act*. The Board regulates the electric utilities in the Province of Newfoundland and Labrador and is responsible for ensuring that the rates charged are reasonable and that the service provided is safe and reliable. Other responsibilities include: (a) the regulation of automobile insurance rates; (b) the regulation of, from June 8, 2004, fuel prices pursuant to the Petroleum Products Act; (c) limited regulation of the motor carrier industry as it relates to certain passenger and ambulance operations; and (d) establishing compensation for matters referred to the Board pursuant to the *Expropriation Act*. The Board was incorporated on May 12, 2000 pursuant to an amendment to the *Public Utilities Act* and as a Crown entity of the Province is not subject to provincial or federal income taxes.

2. Summary of significant accounting policies

These financial statements have, in all material respects, been prepared in accordance with Canadian generally accepted accounting principles, the more significant of which are set out below:

a) Operating revenues and expenses

Operating revenues and expenses are accounted for on the accrual basis.

b) Recoverable costs

Recoverable costs relating to regulatory hearings and specific enquiries held by the Board are accrued until the Board orders payment. The costs and subsequent recoveries for these enquiries are not included in the operating revenues and expenses of the Board.

c) Capital assets

Capital assets are recorded on the Statement of Financial Position at their historical cost and are amortized as follows:

- Furniture and equipment - 20% declining balance method
- Computer hardware - 35% declining balance method
- Computer software - 50% declining balance method
- Leasehold improvements - the lesser of five year straight-line and remaining term of the lease

d) Severance pay

Severance pay is accounted for on the accrual basis and is based upon years of service and current salary levels. The entitlement to severance pay vests with employees after nine years of continual service and accordingly no provision has been made in the accounts for employees with less than nine years of continual service. The amount is payable when the employee ceases employment with the Board.

e) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires the Board's management to make estimates and assumptions that affect the amounts reported in the financial statements and the notes related thereto. Actual results may differ from those estimates.

2. Significant accounting policies (cont'd)

f) Cash and cash equivalents

Cash and cash equivalents is comprised of funds held in operating bank accounts, or invested in short-term or cashable deposits and treasury bills.

g) Financial instruments

In accordance with section 3855, "Financial Instruments – Recognition and Measurement", the Board has classified its cash and cash equivalents as held for trading and measures them at fair value. Transaction costs and any gains or losses arising from changes in fair value are recognized immediately in the statement of operations. Accounts receivable are classified as loans and receivables, and accounts payable are classified as other financial liabilities. Both are measured at amortized cost.

h) Designated pension funds

The Board maintains a defined benefit pension plan for two former commissioners. The Board accrues its obligation under employee benefit plans, net of plan assets. The cost of the Boards defined benefit pension is actuarially determined using the accumulated benefit method. The actuarial assumptions are a rate of return of 4.39% per annum using the UP94 mortality table projected to 2020 with scale AA.

3. Financial instruments

The Board's financial instruments consist of cash, receivables, recoverable costs and payables and accruals. Unless otherwise noted, it is management's opinion that the Board is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

4. Recoverable costs

	2010	2009
Recoverable costs, beginning of year	$ 121,034	$210,532
Add -- specific enquiry costs incurred during the year:		
Consulting fees	405,713	169,531
Consumer Advocate	529,450	76,173
Legal	63,955	-
Transcription and printing	11,994	-
Advertising and notice	26,235	1,963
Other	904	39
	1,038,251	247,706
	1,159,285	458,238
Less – costs recovered during the year	136,420	337,204
Recoverable costs, end of year	$1,022,865	$121,034

5. Capital assets

	2010			2009
	Original Cost	Accumulated Amortization	**Net Book Value**	Net Book Value
Furniture and equipment	$240,938	$209,588	**$ 31,350**	**$ 18,467**
Computer hardware	156,605	134,404	**22,201**	**15,839**
Computer software	63,233	23,419	**39,814**	**27,144**
Leasehold improvements	132,284	131,662	**622**	**829**
	$593,060	$499,073	**$ 93,987**	**$ 62,279**

6. Bank credit agreement

The Board has established a $1,000,000 line-of-credit subject to a general security agreement over all accounts and book debts, equipment, tangible capital assets and certain other assets. Any outstanding balance bears interest at the bank prime rate plus 0.5%.

7. Designated pension funds and pension obligations

Designated pension funds are disclosed in the Statement of Financial Position as net of the related pension obligation.

The Board maintains a defined benefit pension plan for two former commissioners. Designated pension funds have been established and consist of investments maintained in trust with RBC Dexia Investor Services Trust on behalf of these pensioners and are recorded at market value.

	2010	2009
Balance on deposit, beginning of year	**$202,076**	**$263,722**
Add – earnings net of expenses	**(895)**	**3,799**
	201,181	**267,521**
Deduct – benefit payments	**65,445**	**65,445**
Balance on deposit, end of year	**135,736**	**202,076**
Related pension obligation	**(295,600)**	**(321,200)**
	$(159,864)	**$(119,124)**

Pension obligations represent the present value of accrued pension benefits as calculated in an actuarial report dated April 13, 2010. A pension obligations estimation adjustment of $39,845 (2009 - $51,245) is included in expenses in the fiscal year.

In addition, other commissioners and employees for which no designated pension plan has been established are members of The Public Service Pension Fund Act 1991. Pension contributions deducted from commissioners' and employees' salaries are matched by the Board and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to commissioners and employees when they retire. The Board's share of pension expense for the year of $102,942 (2009 - $86,058) is included in salaries and associated costs.

8. Internally restricted surplus

The Board has adopted a formal policy to accumulate and restrict estimated amounts required to meet expected future obligations. The amounts restricted as at March 31, 2010 are as follows:

	2010	2009
Lease commitments	$ 217,475	$ 242,900
Payroll contingency	82,160	91,048
Redundancy pay contingency	559,297	536,159
Working capital	413,678	413,667
	$1,272,610	$1,283,774

9. Assessment reductions and subsequent event

Pursuant to Section 13(7) of the *Public Utilities Act*, the Board approved reductions in assessments to electrical utilities, the insurance industry and the petroleum products industry for the 2010-2011 assessments. These will amount to $290,283, $101,594 and $274,174, respectively (total - $666,051).

10. Commitments

The Board has the following lease commitments for the rental of office space in St. John's and Grand Falls-Windsor:

St. John's

a) lease agreement in the amount of $17,417 per month ($209,004 per annum), concluding May 31, 2013.

Grand Falls-Windsor

b) lease agreement in the amount of $2,825 per month ($33,900 per annum), payable on a month-to-month basis with a three month termination period.

BUSINESS INVESTMENT CORPORATION

FINANCIAL STATEMENTS

31 MARCH 2010

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Board of Directors
Business Investment Corporation
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Business Investment Corporation as at 31 March 2010 and the statements of equity, revenues and expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
7 June 2010

STATEMENT 1

BUSINESS INVESTMENT CORPORATION
BALANCE SHEET

31 March	**2010**	**2009**
ASSETS		
Cash (Note 2)	**$ 19,086,034**	$ 18,340,233
Due from Province	**13,000**	-
Bank interest receivable	**6,874**	-
Loans and equity investments (Note 3)	**7,984,235**	8,705,280
Long-term investments (Note 4)	**9,422**	9,422
	$ 27,099,565	$ 27,054,935
LIABILITIES AND EQUITY		
Accounts payable and accrued liabilities	**$ 13,000**	$ -
Borrowers' deposits	**68,517**	68,517
	81,517	68,517
Equity	**27,018,048**	26,986,418
	$ 27,099,565	$ 27,054,935

Contingent liabilities (Note 5)
Commitments (Note 6)

See accompanying notes

Signed on behalf of the Board:

Chairperson

Director of Portfolio Management

BUSINESS INVESTMENT CORPORATION
STATEMENT OF EQUITY

For the Year Ended 31 March	2010	2009
Contributed capital (Note 7)		
Balance, beginning of year	**$ 48,681,122**	$ 50,008,969
Aquaculture Working Capital Fund reserve (Note 2)	**2,131**	10,462
Principal written off, net of recoveries (Note 3)	**(888,192)**	(1,338,309)
Balance, end of year	**47,795,061**	48,681,122
Deficit		
Balance, beginning of year	**(21,694,704)**	(25,112,367)
Excess of revenues over expenses	**29,499**	2,079,354
Principal written off, net of recoveries (Note 3)	**888,192**	1,338,309
Balance, end of year	**(20,777,013)**	(21,694,704)
Equity, end of year	**$ 27,018,048**	$ 26,986,418

See accompanying notes

STATEMENT 3

BUSINESS INVESTMENT CORPORATION
STATEMENT OF REVENUES AND EXPENSES

For the Year Ended 31 March	2010	2009
REVENUES		
Interest on loans	$ 948,807	$ 743,413
Other investment income	91,556	407,060
Contributions from Province		
Small and Medium Enterprise Fund	-	2,000,000
Business Marketing and Development Program	1,000,000	1,000,000
Other Provincial contributions (Note 9)	987,270	866,271
	3,027,633	5,016,744
EXPENSES		
Business Marketing and Development Program	663,590	640,084
Provision for decline in value of loans receivable and equity investments (Note 3)	1,342,240	1,427,540
Operating expenses (Note 9)	987,270	866,271
Bank charges	3,200	3,448
Miscellaneous expense	1,834	47
	2,998,134	2,937,390
Excess of revenues over expenses	$ 29,499	$ 2,079,354

See accompanying notes

BUSINESS INVESTMENT CORPORATION

STATEMENT OF CASH FLOWS

For the Year Ended 31 March	2010	2009
Cash flows from operating activities		
Excess of revenues over expenses	**$ 29,499**	$ 2,079,354
Add non-cash items		
Provision for decline in value of loans receivable and equity investments	**1,342,240**	1,427,540
	1,371,739	3,506,894
Change in non-cash operating items		
Due from Province	**(13,000)**	-
Bank interest receivable	**(6,874)**	-
Accounts payable and accrued liabilities	**13,000**	-
	1,364,865	3,506,894
Cash flows from investing activities		
Increase in loans and equity investments	**(3,457,496)**	(4,279,261)
Collection of loans and equity investments	**2,836,301**	3,093,912
	(621,195)	(1,185,349)
Cash flows from financing activities		
Aquaculture Working Capital Fund reserve	**2,131**	10,462
	2,131	10,462
Net increase in cash	**745,801**	2,332,007
Cash, beginning of year	**18,340,233**	16,008,226
Cash, end of year	**$ 19,086,034**	$ 18,340,233

See accompanying notes

Authority

The Business Investment Corporation (the Corporation) was established under the authority of the *Business Investment Corporation Act*. The Corporation is funded by the Province of Newfoundland and Labrador (the Province) and is responsible for making available and managing investments in small to medium sized private businesses, co-operatives, community development corporations and other enterprises for the purpose of creating employment opportunities for the people of the Province. The affairs of the Corporation are managed by a Board of Directors appointed by the Lieutenant-Governor in Council.

The *Business Investment Corporation Act* came into force effective 1 April 2002. Under this *Act*, the Business Investment Corporation was incorporated and became the successor to Enterprise Newfoundland and Labrador Corporation, the Fisheries Loan Board and the Farm Development Loan Board. Also under this *Act*, the *Fisheries Loan Act*, the *Farm Development Loan Act*, the *Economic Recovery Commission Act* and the *Enterprise Newfoundland and Labrador Corporation Act* were repealed.

1. Significant accounting policies

These financial statements have been prepared by the Corporation's management in accordance with Canadian generally accepted accounting principles. Outlined below are the significant accounting policies followed.

(a) Loans receivable

The Corporation records loans receivable at cost. When loans are identified as impaired, the Corporation records an allowance to reduce their carrying values to their estimated realizable amounts. Estimated realizable amounts are measured at discounted cash flows when the cash flows can be estimated with reasonable reliability, or alternatively, at the estimated net realizable value of the underlying security.

(b) Equity investments

The Corporation records equity investments at cost. In certain circumstances, the Corporation may have acquired the right to appoint representatives to an equity investee's board of directors or it may have a significant influence on the strategic operating, investing and financing policies of the investee. However, because of the nature of the Corporation's investment process and the manner in which these positions were acquired, such control or significant influence may not in fact be exercised or the Corporation may not intend to maintain such positions. Accordingly the Corporation's equity investments for all companies in which the Corporation holds voting rights are accounted for on the cost basis.

Provision is made by the Corporation for any decline in the value of investee companies which is considered to be other than temporary.

1. Significant accounting policies (cont.)

(c) Revenue recognition

Contributions from the Province are recorded as revenue to the Corporation.

Interest income is accounted for on the accrual basis for bank interest and all loans other than the impaired portion of loans. Recognition of interest in accordance with the terms of the original loan agreement ceases when a loan becomes impaired. A loan is classified as impaired when, in the opinion of management, there is reasonable doubt as to the ultimate collectability of a portion of principal or interest, or when payment is contractually past due 90 days. The impaired portion of loans may revert to accrual status only when principal and interest payments have become fully current again, at which time any interest will be recognized in that fiscal year.

Dividends are recorded as income when received.

2. Aquaculture Working Capital Fund

On 30 March 2001, Enterprise Newfoundland and Labrador Corporation, a predecessor of the Corporation, entered into an agreement with the Federal and Provincial Governments to set up the Aquaculture Working Capital Fund (AWCF). The AWCF assists individuals and companies in the shell fish industry throughout the Province through repayable loans. The AWCF is a revolving fund in which the Corporation retains the loan repayments for future aquaculture loans until the conclusion of the agreement. The agreement is scheduled to conclude on 31 March 2011, extendable for 3 years, at which time the Corporation will reimburse all monies to the Federal and Provincial governments based on the proportions of their contribution.

To date the Corporation has received funding totalling $1.5 million based on contributions of $1.3 million in Federal funding from the Canada/Newfoundland Strategic Regional Diversification Agreement, and $160,000 Federal and $40,000 Provincial funding from the Canada/Newfoundland Agreement on Economic Renewal.

As at 31 March 2010, the AWCF had 14 loans outstanding totalling $1,103,185 (2009 - 14 loans totalling $1,013,355). During 2003-04 the Corporation established a separate loan portfolio and bank account to administer the AWCF and assist in identifying payments that are received and held for future loans. As at 31 March 2010, the AWCF had a balance of $487,437 (2009 - $534,865) which is included in these financial statements as part of the total cash funds of $19,086,034 (2009 - $18,340,233).

3. Loans and equity investments

The determination of whether a loan is impaired and the appropriate carrying value of equity investments, involves significant judgement. The estimation of an appropriate allowance for decline in value of loans receivable and equity investments necessarily involves the use of estimates. These financial statements represent management's best estimates based on available information.

3. Loans and equity investments (cont.)

Loans and equity investments consist of the following:

	2010	2009
Loans receivable		
Principal due and unpaid	**$ 16,683,045**	$ 16,832,613
Principal not yet due	**13,434,145**	14,415,234
Interest due and unpaid	**3,174,387**	2,747,215
	33,291,577	33,995,062
Less: allowance for decline in value	**(25,512,763)**	(25,630,182)
	7,778,814	8,364,880
Equity investments		
Equity investments, at cost	**19,927,818**	19,667,433
Less: allowance for decline in value	**(19,722,397)**	(19,327,033)
	205,421	340,400
Loans and equity investments	**$ 7,984,235**	$ 8,705,280

The allowance for the decline in value of loans receivable and equity investments consists of the following:

	2010	2009
Balance, beginning of year	**$ 44,957,215**	$ 44,960,215
Principal written off, net of recoveries	**(888,192)**	(1,338,309)
Interest written off, net of recoveries	**(176,103)**	(92,231)
Provision for decline in value of loans receivable and equity investments	**1,342,240**	1,427,540
Balance, end of year	**$ 45,235,160**	$ 44,957,215

The allowance for decline in value represents the Corporation's best estimate of future probable losses with respect to the loans receivable and equity investments. The Corporation recognizes that future economic and industry conditions are not predictable and therefore, their impact on the future cash flows anticipated is uncertain. Consequently, adjustments to the allowance are possible depending on the impact of these future events and management's best estimate of them.

4. Long-term investments

Long-term investments consist of 673 shares of Sun Life Financial Services of Canada Incorporated which were given to the Corporation as a result of the demutualization of Sun Life Assurance Company of Canada. The carrying value of the shares is recognized at the fair market value of $9,422 as determined by the share price at the time of the transfer of shares to the Corporation. The fair market value of these shares as at 31 March 2010 was $21,711 (2009 - $15,371).

5. Contingent liabilities

(a) A client of the Corporation has taken legal action as a result of certain alleged technical problems that the client claims to have experienced with a vessel that was financed through the Fisheries Loan Board Program. The amount of this potential claim is in the $900,000 to $1,100,000 range. In a matter related to this legal action, another party has been awarded a claim of $1,800,000. The Province will not appeal this decision.

(b) A statement of claim has been served on the Corporation by a company claiming a breach of contract. The company is claiming special damages of $811,040, other general and unspecified damages, interest and costs associated with the action. The likelihood of loss as a result of this claim is not determinable.

6. Commitments

The Corporation has outstanding commitments in respect of approved but not yet disbursed loans, equity investments and/or grants in the amount of $2,667,544 (2009 - $3,096,368).

7. Contributed capital

Contributed capital represents accumulated capital contributions from the Province and the Government of Canada. These contributions are used for the purpose of making loans, equity investments, and providing business and market development grants. The Corporation depends on these capital contributions to carry out its mandate.

8. Financial instruments

The Corporation's financial instruments recognized on the balance sheet, in addition to the long-term investments described in Note 4, consist of cash, due from Province, bank interest receivable, loans and equity investments, accounts payable and accrued liabilities, and borrowers' deposits. The carrying values of cash, due from Province, bank interest receivable, accounts payable and accrued liabilities, and borrowers' deposits approximate current fair value due to their nature and the short-term maturity or current market rate associated with these instruments.

The Corporation's loans and equity investments are recognized on the balance sheet at cost with provision being made for any decline in their value. Any estimated impairment of these loans and equity investments has been provided for through an allowance for decline in value and no further credit risk exists for these items. The carrying value of loans and equity investments approximates discounted value of expected receipts. Therefore, their carrying values approximate their current fair value and these instruments are not subject to any material interest rate risk.

9. Related party transactions

The Corporation is administered as a division of the Department of Innovation, Trade and Rural Development. Expenses related to salaries, accommodations and administration totaling $987,270 (2009 -$866,271) are paid directly by the Department and are reflected in these financial statements as expenses of the Corporation and as revenue from the Province.

10. Economic dependence

As a result of the Corporation's reliance on Provincial funding, the Corporation's ability to continue viable operations is dependent upon the decisions of the Province.

11. Income taxes

The Corporation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

12. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

C.A. PIPPY PARK COMMISSION

CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2009

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Board of Commissioners
C.A. Pippy Park Commission
St. John's, Newfoundland and Labrador

I have audited the consolidated balance sheet of the C.A. Pippy Park Commission as at 31 March 2009 and the consolidated statements of revenues, expenses and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Commission as at 31 March 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
18 February 2010

C.A. PIPPY PARK COMMISSION
CONSOLIDATED BALANCE SHEET

31 March	2009	2008
ASSETS		
Current		
Cash	$ 234,285	$ 694,126
Accounts receivable (Note 2)	91,320	69,492
Merchandise inventory - at the lower of cost and net realizable value	14,765	18,874
Prepaid expenses	21,253	25,005
Prepaid supplies	12,234	12,186
	373,857	819,683
Capital assets (Note 3)	2,102,714	2,039,713
	$ 2,476,571	$ 2,859,396
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	$ 142,134	$ 162,751
Deferred revenue (Note 4)	65,458	84,205
Obligations under capital lease (Note 5)	28,765	35,268
	236,357	282,224
Obligations under capital lease (Note 5)	95,917	136,184
Accrued severance pay	123,638	119,344
Advance from Province of Newfoundland and Labrador (Note 6)	250,000	250,000
	705,912	787,752
Equity		
Surplus	1,770,659	2,071,644
	1,770,659	2,071,644
	$ 2,476,571	$ 2,859,396

Contingent liabilities (Note 7)

Signed on behalf of the Board:

Chairperson

Member

C.A. PIPPY PARK COMMISSION
CONSOLIDATED STATEMENT OF REVENUES, EXPENSES AND SURPLUS

For the Year Ended 31 March	2009		2008
	Actual	Budget	Actual
REVENUES			
Province of Newfoundland and Labrador			
Operating grant (Note 8)	$ 350,000	$ 350,000	$ 350,000
Golf Course (Note 9)	732,589	757,500	683,517
Trailer park (Note 10)	456,945	452,000	395,359
Clubhouse (Note 11)	195,340	226,000	215,644
Services	211,861	188,000	194,347
Rental	60,256	48,000	58,247
Interest	12,325	6,000	20,282
Advertising	18,036	20,000	19,833
Gain on sale of capital assets	-	-	10,166
Miscellaneous	1,551	1,000	134
	2,038,903	2,048,500	1,947,529
EXPENSES			
Advertising and promotion	27,467	16,500	16,939
Amortization	265,708	255,000	269,533
Bad debts	2,570	-	-
Bank charges	32,018	17,000	28,691
Building maintenance	82,052	100,000	94,784
Course maintenance	59,851	60,000	56,691
Donation	-	1,000	-
Equipment maintenance	42,490	65,000	56,717
Fuel	66,900	75,000	62,918
Heat, light and telephone	145,207	150,500	139,531
Honoraria	1,055	7,500	1,610
Insurance	55,846	63,000	63,807
Interest on capital lease obligations	10,808	13,350	9,582
Loss on disposal of asset	2,096	-	-
Miscellaneous	16,612	48,500	15,671
Office	10,421	15,500	13,157
Professional fees	36,117	20,000	31,179
Salaries and employee benefits	1,436,550	1,535,000	1,381,652
Supplies	42,354	43,500	38,993
Training	1,140	3,000	1,205
Travel	2,626	4,000	4,352
	2,339,888	2,493,350	2,287,012
Excess of expenses over revenues from operations	(300,985)	(444,850)	(339,483)
Other revenues			
Property sales	-	-	471,186
Excess of revenues over expenses (expenses over revenues)	(300,985)	(444,850)	131,703
Surplus, beginning of year	2,071,644	2,071,644	1,939,941
Surplus, end of year	$ 1,770,659	$ 1,626,794	$ 2,071,644

C.A. PIPPY PARK COMMISSION
CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 31 March	2009	2008
Cash flows from operating activities		
Excess of revenues over expenses (expenses over revenues)	$ (300,985)	$ 131,703
Adjustment for non-cash items		
Amortization	265,708	269,533
Loss (Gain) on sale of capital assets	2,096	(10,166)
Bad debts	2,570	-
	(30,611)	391,070
Changes in non-cash working capital		
Accounts receivable	(24,398)	(5,593)
Merchandise inventory	4,109	5,242
Prepaid expenses	3,752	(6,288)
Prepaid supplies	(48)	2,286
Accounts payable and accrued liabilities	(20,617)	(75,940)
Deferred revenue	(18,747)	(6,046)
	(55,949)	(86,339)
Increase in accrued severance pay	4,294	9,555
	(82,266)	314,286
Cash flows from investing activities		
Additions to capital assets - purchased from operations	(350,261)	(171,671)
Additions to capital assets - purchased under capital lease	(6,112)	(164,150)
Reclassification of capital asset	22,639	-
Sale of capital assets	2,929	18,132
	(330,805)	(317,689)
Cash flows from financing activities		
Increase (decrease) in capital lease obligations	(19,456)	164,150
Repayment of capital lease obligations	(27,314)	(64,073)
	(46,770)	100,077
Net increase (decrease) in cash	(459,841)	96,674
Cash, beginning of year	694,126	597,452
Cash, end of year	$ 234,285	$ 694,126

Authority

The C.A. Pippy Park Commission (the Commission) was incorporated in 1968 and operates under authority of the *Pippy Park Commission Act.* The purpose of the Commission is to provide a park-like setting to house the headquarters of the Provincial Government, as well as various government, cultural, educational facilities and Memorial University of Newfoundland. Its affairs are managed by a Board of Commissioners, the majority of whom are appointed by the Lieutenant-Governor in Council.

The C.A. Pippy Park Golf Course Limited (the Golf Course) was incorporated on 6 January 2006 under Section 15 of the *Corporations Act*. It is a wholly owned subsidiary of the Commission, incorporated in accordance with Section 25(b)(i) of the *Pippy Park Commission Act*. It's purpose is to manage the Pippy Park Golf Course.

1. Significant accounting policies

These consolidated financial statements have been prepared by the Commission's management in accordance with Canadian generally accepted accounting principles. Outlined below are the significant accounting policies followed.

(a) Principles of consolidation

The consolidated financial statements include the assets, liabilities and equity of the C.A. Pippy Park Commission and its subsidiary corporation, C.A. Pippy Park Golf Course Limited. Inter-entity transactions and balances have been eliminated in these consolidated financial statements.

(b) Capital assets

(i) All capital assets are capitalized at cost at the time of acquisition. Government assistance towards the acquisition of capital assets is deducted from the related capital asset cost with any amortization calculated on the net amount. Amortization is calculated using the declining balance method based on the expected future life of all assets as follows:

Furniture and equipment	30%
Vehicles	30%
Equipment under capital lease	30%
Buildings	10%
Park improvements	10%
Golf course improvements	10%

(ii) Many capital assets have been financed through capital grants from the Province of Newfoundland and Labrador. The expended portion of these grants has been deducted from the applicable capital assets on the consolidated balance sheet and amortization has been calculated on the net amount.

1. Significant accounting policies (cont.)

(iii) The cost of building acquisitions is included with land where the primary reason for purchasing the properties is to acquire the land. Where the Commission intends to maintain the buildings for Park use, cost is allocated between land and buildings.

(c) Severance pay

Severance pay is calculated based on years of service and current salary levels for management employees of the Commission and those employees represented by the Newfoundland and Labrador Association of Public and Private Employees. The entitlement to severance pay vests after nine years of continual service, and accordingly no provision has been made in the accounts for employees with less than nine years of continual service. For employees of the Commission, the amount is payable when the employee ceases employment in the public service. If an employee of the Commission transfers to another entity included in the public service, then the liability is transferred with the employee to the other entity. For Golf Course employees represented by the Newfoundland and Labrador Association of Public and Private Employees the amount is payable when the employee ceases employment with the Corporation. Other Golf Course employees do not qualify for severance pay.

(d) Deferred revenue

Deferred revenue represents revenue related to future operating periods. The revenue will be reported in the applicable future period to which it relates.

(e) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis.

2. Accounts receivable

	2009	2008
Trade	$ **53,606**	$ 59,278
Harmonized sales tax	**49,819**	16,261
Accrued interest and other	-	3,488
	103,425	79,027
Less: allowance for doubtful accounts	**12,105**	9,535
Net accounts receivable	$ **91,320**	$ 69,492

3. Capital assets

	2009				2008
	Cost	Capital Grants	Accumulated Amortization	Net Book Value	Net Book Value
Park					
Land (Note 3(a) and 3(b))	$ 6,035,850	$ 6,030,728	$ -	$ 5,122	$ 5,122
Furniture and equipment	282,088	111,237	143,702	27,149	29,456
Vehicles	122,842	122,842	-	-	-
Equipment under capital lease	101,911	-	41,274	60,637	86,624
Buildings	921,798	701,083	132,845	87,870	73,483
Park improvements	1,627,257	959,928	141,422	525,907	312,283
Assets under construction	65,517	-	-	65,517	8,061
	9,157,263	7,925,818	459,243	772,202	515,029
Golf Course					
Land (Note 3(a) and 3(b))	1,809,696	1,809,696	-	-	-
Golf course improvements	1,346,311	99,999	381,204	865,108	960,382
Buildings	522,893	10,725	156,491	355,677	395,197
Equipment under capital lease	55,434	-	27,256	28,178	68,516
Furniture and equipment	297,387	34,662	181,176	81,549	100,589
	4,031,721	1,955,082	746,127	1,330,512	1,524,684
	$ 13,188,984	$ 9,880,900	$ 1,205,370	$ 2,102,714	$ 2,039,713

(a) Capital assets not included in consolidated financial statements

Land purchased directly by the Provincial Government and forming part of C.A. Pippy Park is not recorded in these consolidated financial statements. The land recorded in these consolidated financial statements represents land purchased directly by the Commission.

Capital improvements made by third parties are not recorded in these consolidated financial statements.

(b) Title to Commission property and value of land

Under Section 10(4) of the *Pippy Park Commission Act*, title to property of the Commission is vested in the name of the Minister of Finance, for the Crown. Therefore, capital grants received from the Province for the purchase of land have been deducted from the total cost of the land purchased.

4. Deferred revenue

	2009	2008
Golf course	$ 40,875	$ 59,776
Clubhouse	16,073	11,542
Trailer park	4,555	7,283
Advertising	3,509	5,263
Rental	446	341
	$ 65,458	$ 84,205

Golf course deferred revenue relates to golf packages and gift certificates sold during the fiscal year that relate to the 2009 golf season. Clubhouse deferred revenue relates to deposits received on Salon rentals for future periods. Trailer park deferred revenue relates to deposits received on reservations for the 2009 camping season. Advertising deferred revenue relates to the unamortized portion of a signing bonus received when the Golf Course signed a five year exclusive contract with a supplier in 2007. Rental deferred revenue relates to deposits received on reservations at the Northbank Lodge for future periods.

5. Obligations under capital lease

	2009	2008
Obligations under capital lease	$ 124,682	$ 171,452
Less: current portion	28,765	35,268
	$ 95,917	$ 136,184

Future minimum lease payments under capital leases are:

2010	$ 37,990
2011	44,541
2012	21,937
2013	38,913
2014	873
	144,254
Less: interest portion of payments	19,572
	$ 124,682

The capital leases are secured by equipment having a net book value of $95,345.

6. Advance from Province of Newfoundland and Labrador

On 30 March 2001, the Commission received a repayable advance in the amount of $250,000 from the Province of Newfoundland and Labrador. There are no set terms of repayment. The advance payable remained outstanding at year end.

7. Contingent liabilities

In 1997, a Statement of Claim was served on the Commission in dispute of conveyance of property situated at Nagle's Place. The property, within the boundary of Pippy Park, was purchased in 1997 by the Department of Works, Services and Transportation (now the Department of Transportation and Works). After the owners passed away, there was a dispute over share of the estate between the remaining children. The status of the issue between the parties is unclear, even though this issue was dropped from the trial list by consent of the parties some time ago. This matter has not been formally closed and action has been initiated to formally discontinue this matter during the 2008 calendar year.

8. Related party transactions

(a) During the year, the Commission received an operating grant of $350,000 (2008 - $350,000) from the Province.

(b) Services and rental revenue includes revenues from the Province in the amount of $171,099 (2008 - $160,146) as a result of ongoing contracts.

9. Golf Course revenue

	2009		2008
	Actual	Budget	Actual
Green fees	$ 585,972	$ 627,500	$ 561,288
Rentals	135,877	120,000	117,848
	721,849	747,500	679,136
Proshop sales	26,209	30,000	24,991
Less: cost of goods sold	15,469	20,000	20,610
	10,740	10,000	4,381
	$ 732,589	$ 757,500	$ 683,517

10. Trailer park revenue

	2009		2008
	Actual	Budget	Actual
Registration fees	$ 432,897	$ 435,000	$ 368,669
Mini golf	13,261	17,000	18,481
	446,158	452,000	387,150
Sales	33,923	-	28,794
Less: cost of goods sold	23,136	-	20,585
	10,787	-	8,209
	$ 456,945	$ 452,000	$ 395,359

11. Clubhouse revenue

	2009		2008
	Actual	Budget	Actual
Salon rentals	$ 45,721	$ 48,000	$ 45,840
Catering commissions	45,514	46,000	40,430
	91,235	94,000	86,270
Salon sales	188,139	230,000	225,288
Less: cost of goods sold	84,034	98,000	95,914
	104,105	132,000	129,374
	$ 195,340	$ 226,000	$ 215,644

12. Pensions

Management staff and staff represented by the Newfoundland and Labrador Association of Public and Private Employees are subject to the *Public Service Pensions Act.* Employee contributions are matched by the Commission and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. The Commission's share of these pension contributions for 2009 was $52,219 (2008 - $45,809).

Commission staff represented by the United Food and Commercial Workers' Union participate in the Canadian Commercial Workers' Industry Plan from which pensions will be paid to employees when they retire. Employee contributions are matched by the Commission and then remitted to the Canadian Commercial Workers' Industry Plan. The Commission's share of these pension contributions for 2009 was $4,456 (2008 - $7,424).

13. Operating lease obligations

The Commission has operating lease obligations totalling $26,603.

Future payments under these operating leases are:

2010	$ 10,070
2011	10,070
2012	5,803
2013	4,950
	30,893
Less: interest portion of payments	4,290
	$ 26,603

14. Financial instruments

The Commission's financial instruments recognized on the consolidated balance sheet consist of cash, accounts receivable, accounts payable and accrued liabilities, and obligations under capital lease. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them. Any estimated impairment of accounts receivable has been provided for through an allowance for doubtful accounts and no further credit risk exists in relation to these receivables.

15. Economic dependence

As a result of its reliance on future transfers from the Province of Newfoundland and Labrador to fund its operations, the Commission's ability to continue operations is dependent on the decisions of the Province.

16. Measurement uncertainty

The preparation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the year.

17. Income taxes

The Commission is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

CENTRAL REGIONAL HEALTH AUTHORITY

AUDITOR'S REPORT

FINANCIAL STATEMENTS – MARCH 31, 2010

Walters Hoffe
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Board of Trustees of the **Central Regional Health Authority**

We have audited the consolidated balance sheet of the **Central Regional Health Authority** as at March 31, 2010 and the statements of changes in net assets, operations and cash flow for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2010 and the results of its operations and the changes in its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Walters Hoffe
Chartered Accountants

Gander, Newfoundland

June 18, 2010

CENTRAL REGIONAL HEALTH AUTHORITY

CONSOLIDATED

Balance Sheet

March 31, 2010

	2010	2009
Assets		
Current assets:		
Receivables (Note 3)	**$ 23,697,356**	19,169,137
Inventories (Note 4)	**3,003,379**	1,956,854
Prepaids (Note 5)	**6,394,636**	5,004,614
Total current assets	**33,095,371**	26,130,605
Deposit on property, plant and equipment	**924,964**	-
Cash restricted for security deposits	**27,201**	25,674
Investments restricted for general endowment purposes (Note 6)	**487,686**	430,161
Replacement reserve funding (Note 14)	**303,892**	310,828
Residents' trust funds held on deposit	**822,634**	751,903
Property, plant and equipment (Note 7)	**55,993,635**	55,902,486
	$ 91,655,383	83,551,657
Liabilities		
Current liabilities:		
Bank indebtedness (Note 8)	**$ 11,815,630**	177,214
Payables and accruals (Note 9)	**19,755,481**	25,078,014
Accrued vacation pay	**12,143,765**	10,763,896
Deferred grants and donations (Note 10)	**20,161,213**	19,441,040
Current portion of obligations under capital lease	**218,127**	116,598
Current portion of long-term debt	**1,367,253**	1,244,314
Current portion of accrued severance pay - estimated	**1,500,000**	1,500,000
Total current liabilities	**66,961,469**	58,321,076
Security deposits payable	**27,201**	25,674
Long-term debt (Note 11)	**19,278,316**	20,290,700
Obligations under capital lease (Note 12)	**771,215**	30,933
Trust funds payable	**822,634**	751,903
Accrued severance pay, less current portion	**23,989,078**	21,749,706
Unamortized deferred contributions related to property, plant and equipment (Note 13)	**27,803,658**	26,350,952
Replacement reserves (Note 14)	**303,892**	310,828
J.M. Olds scholarship and library funds	**84,486**	85,603
	140,041,949	127,917,375
Net assets, per accompanying statement:		
Net assets invested in property, plant and equipment	**6,610,789**	7,803,669
Net assets restricted for general endowment purposes	**487,686**	430,161
Unrestricted net assets (deficit)	**(55,485,041)**	(52,599,548)
	(48,386,566)	(44,365,718)
	$ 91,655,383	83,551,657

See accompanying notes

Approved:

Trustee

K. Manuel **Trustee**

CENTRAL REGIONAL HEALTH AUTHORITY

CONSOLIDATED

Statement of Changes in Net Assets

Year ended March 31, 2010

	2010				2009
	Invested in Property, Plant and Equipment	Restricted for General Endowment Purposes	Unrestricted	Total	Total
Balance (deficit), beginning:					
As previously reported	$ 7,803,669	430,161	(52,599,548)	(44,365,718)	(42,275,619)
Prior years' adjustment to revenue for donations deferred in error	-	-	-	-	298,097
As restated	7,803,669	430,161	(52,599,548)	(44,365,718)	(41,977,522)
Deficiency of revenue over expenditure	(2,617,400)	-	(1,403,448)	(4,020,848)	(2,373,196)
Investment in property, plant and equipment (Note 15)	1,424,520	-	(1,424,520)	-	-
Equity in land sold	-	-	-	-	(15,000)
Transfers to endowment fund:					
Reinvested investment income	-	15,108	(15,108)	-	(-)
Contributed from unrestricted	-	42,417	(42,417)	-	(-)
Balance (deficit), ending	$ 6,610,789	487,686	(55,485,041)	(48,386,566)	(44,365,718)

CENTRAL REGIONAL HEALTH AUTHORITY

CONSOLIDATED

Statement of Operations

Year ended March 31, 2010

	2010	2009
Revenue:		
Provincial plan operating	**$ 265,656,498**	238,401,315
MCP physicians salaries	**12,146,255**	11,281,390
Patient-resident services	**12,280,656**	11,940,676
CMHC mortgage interest subsidy (Note 16)	**103,338**	108,928
Redundancy and other funding	**-**	345,288
Capital project funding	**4,826,735**	1,923,874
Pandemic funding	**2,229,060**	-
Recoveries	**4,089,874**	3,754,746
Cottage operations	**1,482,133**	1,471,369
Foundations	**832,314**	994,982
Other revenue	**2,207,307**	2,279,212
	305,854,170	272,501,780
Expenditure:		
Administration	**29,267,398**	25,801,180
Community and social services	**74,525,557**	64,913,656
Support services	**59,387,764**	54,008,429
Nursing inpatient services - acute	**42,834,431**	36,223,467
- long-term care	**29,140,599**	26,625,906
Ambulatory care services	**18,046,407**	15,951,746
Diagnostic and therapeutic services	**31,096,544**	28,703,310
Medical services	**16,127,821**	15,251,141
Education services	**1,481,679**	1,408,164
Cottage operations, including amortization of $402,594 (2009 - $378,429)	**1,432,541**	1,467,006
Foundations, including amortization of $5,573 (2009 - $5,151)	**705,738**	550,692
	304,046,479	270,904,697
Surplus prior to non-shareable items	**1,807,691**	1,597,083
Non-shareable items:		
Amortization of deferred capital grants	**3,638,573**	3,557,464
Amortization	**(5,847,806)**	(5,429,413)
Accrued vacation pay - (increase) decrease	**(1,379,934)**	(1,481,270)
Accrued severance pay - (increase) decrease	**(2,239,372)**	(617,060)
	(5,828,539)	(3,970,279)
Deficiency of revenue over expenditure	**$(4,020,848)**	(2,373,196)

CENTRAL REGIONAL HEALTH AUTHORITY

CONSOLIDATED

Statement of Cash Flow

Year ended March 31, 2010

	2010	2009
Cash flows:		
Operations:		
Deficiency of revenue over expenditure	**$(4,020,848)**	(2,373,196)
Amortization	**6,255,973**	5,812,995
Amortization of deferred capital grants	**(3,638,573)**	(3,557,464)
Gain on disposal of property, plant and equipment	**(3,535)**	(23,337)
	(1,406,983)	(141,002)
Changes in:		
Receivables	**(4,528,219)**	(6,621,065)
Inventories	**(1,046,525)**	(13,239)
Prepaids	**(1,390,022)**	(230,044)
Payables and accruals	**(5,322,533)**	2,859,353
Accrued vacation pay	**1,379,869**	1,481,270
Deferred grants and donations	**720,173**	14,004,958
Accrued severance pay	**2,239,372**	617,060
	(9,354,868)	11,957,291
Investing:		
Additions to property, plant and equipment	**(7,025,416)**	(2,675,010)
Increase in general endowment fund investments	**(57,525)**	(38,360)
Proceeds on disposal of property, plant and equipment	**121,663**	79,707
Deposit on property, plant and equipment	**(924,964)**	-
	(7,886,242)	(2,633,663)
Financing:		
Repayment of long-term debt, including adjustments to opening balances	**(1,261,368)**	(1,191,961)
Repayment of capital leases, including forgiveness	**(210,765)**	(126,281)
Net changes in J. M. Olds funds	**(1,117)**	(717)
Grants used for the purchase of property, plant and equipment	**5,428,899**	2,449,377
Donations used for the purchase of property, plant and equipment	**222,547**	225,633
New loan proceeds	**371,923**	-
New capital lease proceeds	**1,052,575**	-
	5,602,694	1,356,051
Net increase (decrease) in cash	**(11,638,416)**	10,679,679
Cash, net of bank indebtedness:		
Beginning	**(177,214)**	(10,856,893)
Ending (Note 8)	**$(11,815,630)**	(177,214)

CENTRAL REGIONAL HEALTH AUTHORITY

OPERATING

Balance Sheet

March 31, 2010

	2010	2009
Assets		
Current assets:		
Receivables (Note 3)	**$ 23,576,115**	19,097,574
Due from cottage operations and Foundations - net	**238,459**	260,172
Inventories (Note 4)	**3,003,379**	1,956,854
Prepaids (Note 5)	**6,320,024**	4,936,447
Total current assets	**33,137,977**	26,251,047
Deposit on property, plant and equipment	**924,964**	-
Residents' trust funds held on deposit	**822,634**	751,903
Property, plant and equipment (Note 7)	**50,795,805**	50,296,490
	$ 85,681,380	77,299,440
Liabilities		
Current liabilities:		
Bank indebtedness (Note 8)	**$ 12,657,785**	979,829
Payables and accruals (Note 9)	**19,723,414**	25,046,459
Accrued vacation pay	**12,143,201**	10,763,286
Deferred grants and donations (Note 10)	**20,161,213**	19,441,040
Current portion of obligations under capital lease	**218,127**	116,598
Current portion of long-term debt	**949,176**	842,038
Current portion of accrued severance pay - estimated	**1,500,000**	1,500,000
Total current liabilities	**67,352,916**	58,689,250
Long-term debt (Note 11)	**14,689,963**	15,276,644
Obligations under capital lease (Note 12)	**771,215**	30,933
Trust funds payable	**822,634**	751,903
Accrued severance pay, less current portion	**23,989,078**	21,749,706
Unamortized deferred contributions related to property, plant and equipment (Note 13)	**27,803,658**	26,350,952
J.M. Olds scholarship and library funds	**84,486**	85,603
	135,513,950	122,934,991
Net assets, per accompanying statement:		
Net assets invested in property, plant and equipment	**6,417,709**	7,612,324
Unrestricted net assets (deficit)	**(56,250,279)**	(53,247,875)
	(49,832,570)	(45,635,551)
	$ 85,681,380	77,299,440

CENTRAL REGIONAL HEALTH AUTHORITY

OPERATING

Statement of Changes in Net Assets

Year ended March 31, 2010

	2010			2009
	Invested in Property, Plant and Equipment	Unrestricted	Total	Total
Balance (deficit), beginning	$ 7,612,324	(53,247,875)	(45,635,551)	(42,798,703)
Deficiency of revenue over expenditure	(2,209,233)	(1,987,786)	(4,197,019)	(2,821,848)
Investment in property, plant and equipment (Note 15)	1,014,618	(1,014,618)	-	-
Equity in land sold	-	-	-	(15,000)
Balance (deficit), ending	$ 6,417,709	(56,250,279)	(49,832,570)	(45,635,551)

CENTRAL REGIONAL HEALTH AUTHORITY

OPERATING

Statement of Operations

Year ended March 31, 2010

	2010	2009
Revenue:		
Provincial plan	$ 260,383,490	233,363,809
Primary Health Care	-	628,924
MCP physicians salaries	12,146,255	11,281,390
Inpatient	1,913,107	1,642,680
Outpatient	2,564,931	2,415,804
Resident revenue - long-term care	7,802,618	7,882,192
CMHC mortgage interest subsidy (Note 16)	103,338	108,928
Redundancy and other funding	-	345,288
Capital project funding	4,826,735	1,923,874
Pandemic funding	2,229,060	-
National Child Benefit	1,444,974	1,412,694
Early Childhood Development	1,182,557	733,067
Early Learning and Child Care Initiatives	2,645,477	2,262,822
Recoveries - services	2,535,793	2,164,289
- salaries	1,205,171	1,262,667
- ambulance	348,910	327,790
Other miscellaneous revenue	2,207,304	2,279,212
	303,539,720	270,035,430
Expenditure:		
Administration	29,267,398	25,801,180
Primary Health Care	637,513	805,091
Community and social services	73,888,044	64,108,565
Support services	59,387,764	54,008,429
Nursing inpatient services - acute	42,834,431	36,223,467
- long-term care	29,140,599	26,625,906
Ambulatory care services	18,046,407	15,951,746
Diagnostic and therapeutic services	31,096,544	28,703,310
Medical services	16,127,821	15,251,141
Education services	1,481,679	1,408,164
	301,908,200	268,886,999
Surplus prior to non-shareable items	1,631,520	1,148,431
Non-shareable items:		
Amortization of deferred capital grants	3,638,573	3,557,464
Amortization	(5,847,806)	(5,429,413)
Accrued vacation pay - (increase) decrease	(1,379,934)	(1,481,270)
Accrued severance pay - (increase) decrease	(2,239,372)	(617,060)
	(5,828,539)	(3,970,279)
Excess (deficiency) of revenue over expenditure	$(4,197,019)	(2,821,848)

CENTRAL REGIONAL HEALTH AUTHORITY

OPERATING

Statement of Cash Flow

Year ended March 31, 2010	2010	2009
Cash flows:		
Operations:		
Deficiency of revenue over expenditure	$(4,197,019)	(2,821,848)
Amortization	5,847,806	5,429,413
Amortization of deferred capital grants	(3,638,573)	(3,557,464)
Gain on disposal of property, plant and equipment	(3,535)	(23,337)
	(1,991,321)	(973,236)
Changes in:		
Receivables	(4,478,541)	(6,648,345)
Due from cottage operations and Foundations	21,713	217,731
Inventories	(1,046,525)	(13,239)
Prepaids	(1,383,577)	(229,778)
Payables and accruals	(5,323,045)	2,868,823
Accrued vacation pay	1,379,915	1,481,270
Deferred grants and donations	720,173	14,034,958
Accrued severance pay	2,239,372	617,060
	(9,861,836)	11,355,244
Investing:		
Additions to property, plant and equipment	(7,025,416)	(2,675,010)
Deposit on property, plant and equipment	(924,964)	-
Proceeds on disposal of property, plant and equipment	121,663	79,707
	(7,828,717)	(2,595,303)
Financing:		
Repayment of long-term debt, including adjustments to opening balances	(851,465)	(810,631)
Repayment of capital leases, including forgiveness	(210,765)	(126,281)
Net changes in J.M. Olds funds	(1,117)	(717)
Grants used for the purchase of property, plant and equipment	5,428,899	2,449,377
Donations used for the purchase of property, plant and equipment	222,547	225,633
New loan proceeds	371,923	-
New capital lease proceeds	1,052,575	-
	6,012,597	1,737,381
Net increase (decrease) in cash	(11,677,956)	10,497,322
Cash, net of bank indebtedness:		
Beginning	(979,829)	(11,477,151)
Ending (Note 8)	$(12,657,785)	(979,829)

CENTRAL REGIONAL HEALTH AUTHORITY

NORTH HAVEN MANOR COTTAGES UNITS PHASE I, II, III

Balance Sheet

March 31, 2010

	2010	2009
Assets		
Current assets:		
Cash (Note 8)	**$ 25,330**	102,831
Receivables (Note 3)	**18,073**	17,236
Prepaids (Note 5)	**42,451**	37,473
Total current assets	**85,854**	157,540
Cash restricted for security deposits	**11,667**	11,904
Replacement reserve cash	**73,738**	74,033
Property, plant and equipment (Note 7)	**2,379,581**	2,546,536
	$ 2,550,840	2,790,013
Liabilities		
Current liabilities:		
Payables and accruals (Note 9)	**$ 15,041**	18,023
Due to Central Regional Health Authority	**52,509**	169,152
Current portion of long-term debt	**173,167**	166,975
Total current liabilities	**240,717**	354,150
Security deposit liability	**11,667**	11,904
Long-term debt (Note 11)	**2,094,896**	2,268,044
Replacement reserve (Note 14)	**73,738**	74,033
	2,421,018	2,708,131
Net assets, per accompanying statement:		
Net assets invested in property, plant and equipment	**119,550**	119,550
Unrestricted net assets (deficit)	**10,272**	(37,668)
	129,822	81,882
	$ 2,550,840	2,790,013

CENTRAL REGIONAL HEALTH AUTHORITY

NORTH HAVEN MANOR COTTAGES UNITS PHASE I, II, III

Statement of Changes in Net Assets

Year ended March 31, 2010

	2010			2009
	Invested in Property, Plant and Equipment	Unrestricted	Total	Total
Balance, beginning	$ 119,550	(37,668)	81,882	51,894
Excess (deficiency) of revenue over expenditure	(166,956)	214,896	47,940	29,988
Repayment of long-term debt (Note 15)	166,956	(166,956)	-	-
Balance, ending	$ 119,550	10,272	129,822	81,882

CENTRAL REGIONAL HEALTH AUTHORITY

NORTH HAVEN MANOR COTTAGES UNITS PHASE I, II, III

Statement of Operations

Year ended March 31, 2010

	2010		2009
	Budget	Actual	Actual
Revenue:			
Rentals	$ 618,279	521,999	530,733
NLHC subsidy (Note 16)	187,121	207,754	204,953
Interest	500	-	412
	805,900	729,753	736,098
Expenditures:			
Administration	9,300	9,300	9,300
Allocation to replacement reserve	30,220	30,220	30,220
Amortization	104,288	166,956	162,736
Bad debts	-	1,019	-
Heat and light	177,642	142,376	158,609
Insurance	16,543	5,731	5,731
Mortgage interest	234,515	129,669	133,868
Municipal taxes	54,000	52,094	49,933
Office	200	91	62
Professional fees	1,000	2,220	1,800
Repairs and maintenance	49,356	17,375	24,510
Salaries and benefits	103,318	89,435	77,693
Snowclearing	23,000	33,035	48,462
Telephone	2,300	2,292	2,101
Travel	218	-	1,085
	805,900	681,813	706,110
Excess of revenue over expenditures	$ -	47,940	29,988

CENTRAL REGIONAL HEALTH AUTHORITY

NORTH HAVEN MANOR COTTAGES UNITS PHASE I, II, III

Statement of Cash Flow

Year ended March 31, 2010

	2010	2009
Cash flows:		
Operations:		
Excess of revenue over expenditure	**$ 47,940**	29,988
Amortization	**166,956**	162,736
	214,896	192,724
Changes in:		
Receivables	**(838)**	(2,243)
Prepaids	**(4,978)**	(221)
Payables and accruals	**(2,982)**	3,752
Due to Central Regional Health Authority	**(116,643)**	61,057
	89,455	255,069
Financing:		
Principal repayments	**(166,956)**	(162,736)
Net increase (decrease) in cash	**(77,501)**	92,333
Cash:		
Beginning	**102,831**	10,498
Ending	**$ 25,330**	102,831

CENTRAL REGIONAL HEALTH AUTHORITY

NORTH HAVEN MANOR COTTAGE UNITS PHASE IV

Balance Sheet

March 31, 2010	**2010**	2009
Assets		
Current assets:		
Cash (Note 8)	**$ 2,836**	7,268
Receivables (Note 3)	**33,998**	36,530
Prepaids (Note 5)	**4,161**	3,756
Total current assets	**40,995**	47,554
Cash restricted for security deposits	**1,326**	1,415
Due from NLHC for replacement reserve	**107,850**	107,850
Property, plant and equipment (Note 7)	**495,566**	517,299
	$ 645,737	674,118
Liabilities		
Current liabilities:		
Payables and accruals (Note 9)	**$ 3,658**	3,374
Due to Central Regional Health Authority	**37,337**	44,180
Current portion of long-term debt	**22,688**	21,741
Total current liabilities	**63,683**	69,295
Security deposit liability	**1,326**	1,415
Long-term debt (Note 11)	**457,878**	480,558
Replacement reserve (Note 14)	**107,850**	107,850
	630,737	659,118
Net assets, per accompanying statement		
Invested in property, plant and equipment	**15,000**	15,000
	$ 645,737	674,118

CENTRAL REGIONAL HEALTH AUTHORITY

NORTH HAVEN MANOR COTTAGE UNITS PHASE IV

Statement of Changes in Net Assets

Year ended March 31, 2010

	2010			2009
	Invested in Property, Plant and Equipment	Unrestricted	Total	Total
Balance, beginning	$ 15,000	-	15,000	15,000
Excess (deficiency) of revenue over expenditure	(21,734)	21,734	-	-
Repayment of long-term debt (Note 15)	21,734	(21,734)	-	-
Balance, ending	$ 15,000	-	15,000	15,000

CENTRAL REGIONAL HEALTH AUTHORITY

NORTH HAVEN MANOR COTTAGE UNITS PHASE IV

Statement of Operations

Year ended March 31, 2010

	2010 Budget	2010 Actual	2009 Actual
Revenue:			
Rentals	**$ 40,670**	**44,563**	43,437
NLHC subsidy (Note 16)	**45,526**	**44,207**	42,807
Interest	**-**	**-**	109
	$ 86,196	**88,770**	86,353
Expenditure:			
Administration	**3,600**	**3,600**	3,600
Amortization	**21,734**	**21,734**	20,877
Heat and light	**16,546**	**14,581**	15,086
Insurance	**600**	**528**	528
Mortgage interest	**21,042**	**21,041**	21,828
Municipal taxes	**5,185**	**5,118**	4,939
Office	**400**	**9**	-
Other	**25**	**-**	-
Professional fees	**1,650**	**1,500**	1,500
Repairs and maintenance	**3,800**	**7,023**	5,188
Salaries and benefits	**8,700**	**10,104**	7,557
Snowclearing	**2,684**	**3,303**	4,846
Telephone	**230**	**229**	229
Travel	**-**	**-**	175
	$ 86,196	**88,770**	86,353

CENTRAL REGIONAL HEALTH AUTHORITY

NORTH HAVEN MANOR COTTAGE UNITS PHASE IV

Statement of Cash Flow

Year ended March 31, 2010	**2010**	2009
Cash flows:		
Operations:		
Amortization	**$ 21,734**	20,877
Changes in:		
Receivables	**2,532**	(28,339)
Prepaids	**(405)**	(46)
Payables and accruals	**284**	(4,536)
Due to Central Regional Health Authority	**(6,843)**	30,605
	17,302	18,561
Financing:		
Principal repayments	**(21,734)**	(20,877)
Net increase (decrease) in cash	**(4,432)**	(2,316)
Cash:		
Beginning	**7,268**	9,584
Ending	**$ 2,836**	7,268

CENTRAL REGIONAL HEALTH AUTHORITY

VALLEY VISTA COTTAGES

Balance Sheet

March 31, 2010

	2010	2009
Assets		
Current assets:		
Cash (Note 8)	$ 46,435	27,523
Receivables (Note 3)	5,593	5,661
Prepaids (Note 5)	26,899	25,876
Total current assets	78,927	59,060
Cash restricted for security deposits	14,208	12,355
Replacement reserve cash	4,541	11,182
Property, plant and equipment (Note 7)	1,619,805	1,801,304
	$ 1,717,481	1,883,901
Liabilities		
Current liabilities:		
Payables and accruals (Note 9)	$ 6,919	7,534
Due to Central Regional Health Authority	201,826	182,996
Current portion of long-term debt	185,624	178,226
Total current liabilities	394,369	368,756
Security deposit liability	14,208	12,355
Long-term debt (Note 11)	1,400,957	1,589,854
Replacement reserves (Note 14)	4,541	11,182
	1,814,075	1,982,147
Net assets, per accompanying statement:		
Net assets invested in property, plant and equipment	26,872	26,872
Unrestricted net assets (deficit)	(123,466)	(125,118)
	(96,594)	(98,246)
	$ 1,717,481	1,883,901

CENTRAL REGIONAL HEALTH AUTHORITY

VALLEY VISTA COTTAGES

Statement of Changes in Net Assets

Year ended March 31, 2010

	2010			2009
	Invested in Property, Plant and Equipment	**Unrestricted**	**Total**	Total
Balance (deficit), beginning	**$ 26,872**	**(125,118)**	**(98,246)**	(72,620)
Excess (deficiency) of revenue over expenditure	**(181,499)**	**183,151**	**1,652**	(25,626)
Repayment of long-term debt (Note 15)	**181,499**	**(181,499)**	**-**	-
Balance (deficit), ending	**$ 26,872**	**(123,466)**	**(96,594)**	(98,246)

CENTRAL REGIONAL HEALTH AUTHORITY

VALLEY VISTA COTTAGES

Statement of Operations

Year ended March 31, 2010

	2010		2009
	Budget	Actual	Actual
Revenue:			
Rental revenue	$ 474,660	473,650	454,209
NLHC subsidy (Note 16)	64,615	64,615	65,123
	539,275	538,265	519,332
Expenditures:			
Allocation to replacement reserve	28,928	28,928	28,928
Amortization	146,500	181,499	171,279
Cable television	17,000	16,517	16,231
Heat and light	118,500	110,808	117,069
Insurance	4,367	4,367	4,367
Mortgage interest	100,000	64,344	74,903
Municipal taxes	34,500	34,679	34,345
Office	1,200	660	665
Professional fees	1,800	1,800	1,800
Repairs and maintenance	38,000	29,953	35,131
Salaries and benefits	54,800	53,550	51,069
Snowclearing	9,000	9,386	8,915
Travel	-	122	256
	554,595	536,613	544,958
Excess (deficiency) of revenue over expenditures	$(15,320)	1,652	(25,626)

CENTRAL REGIONAL HEALTH AUTHORITY

VALLEY VISTA COTTAGES

Statement of Cash Flow

Year ended March 31, 2010

	2010	2009
Cash flows:		
Operations:		
Excess (deficiency) of revenue over expenditure	$ 1,652	(25,626)
Amortization	181,499	171,279
	183,151	145,653
Changes in:		
Receivables	68	(3)
Prepaids	(1,023)	-
Payables and accruals	(615)	(1,039)
Due to Central Regional Health Authority	18,830	(61,269)
	200,411	83,342
Financing:		
Principal repayments	(181,499)	(171,279)
Net increase (decrease) in cash	18,912	(87,937)
Cash:		
Beginning	27,523	115,460
Ending	$ 46,435	27,523

CENTRAL REGIONAL HEALTH AUTHORITY

BONNEWS LODGE APARTMENT COMPLEX

Balance Sheet

March 31, 2010

	2010	2009
Assets		
Current asset:		
Receivables (Note 3)	$ 48,995	7,360
Due from NLHC for replacement reserve	117,763	117,763
Property, plant and equipment (Note 7)	563,865	596,271
	$ 730,623	721,394
Liabilities		
Current liabilities:		
Payables and accruals (Note 9)	$ 6,448	2,624
Due to Central Regional Health Authority	42,547	4,736
Current portion of long-term debt	33,107	32,354
Total current liabilities	82,102	39,714
Long-term debt (Note 11)	530,758	563,917
Replacement reserve (Note 14)	117,763	117,763
	730,623	721,394
Net assets, per accompanying statement	-	-
	$ 730,623	721,394

CENTRAL REGIONAL HEALTH AUTHORITY

BONNEWS LODGE APARTMENT COMPLEX

Statement of Changes in Net Assets

Year ended March 31, 2010

	2010			2009
	Invested in Property, Plant and Equipment	**Unrestricted**	**Total**	Total
Balance, beginning	$ -	-	-	-
Excess (deficiency) of revenue over expenditure	(32,405)	32,405	-	-
Repayment of long-term debt (Note 15)	32,405	(32,405)	-	-
Balance, ending	$ -	-	-	-

CENTRAL REGIONAL HEALTH AUTHORITY

BONNEWS LODGE APARTMENT COMPLEX

Statement of Operations

Year ended March 31, 2010

	2010 Budget	2010 Actual	2009 Actual
Revenue:			
Rentals	$ 56,100	56,518	56,049
NLHC subsidy (Note 16)	65,180	62,969	68,976
Surcharges - utilities	3,120	3,020	3,120
- laundry	1,440	1,390	1,440
- other	960	1,448	-
	$ 126,800	125,345	129,585
Expenditure:			
Administration allowance	$ 9,552	9,144	7,896
Amortization	32,405	32,405	23,537
Fire and safety	1,000	-	-
Heat and light	22,028	20,747	21,503
Insurance	700	699	699
Mortgage interest	12,393	12,333	31,164
Municipal taxes	7,958	7,726	7,958
Professional fees	2,400	2,400	2,400
Repairs and maintenance	33,364	28,432	23,945
Snowclearing	5,000	11,459	10,483
	$ 126,800	125,345	129,585

CENTRAL REGIONAL HEALTH AUTHORITY

BONNEWS LODGE APARTMENT COMPLEX

Statement of Cash Flow

Year ended March 31, 2010	2010	2009
Cash flows:		
Operations:		
Amortization	**$ 32,405**	23,537
Changes in:		
Receivables	**(41,635)**	(7,360)
Payables and accruals	**3,824**	(6,347)
Due to Central Regional Health Authority	**37,811**	13,707
	32,405	23,537
Financing:		
Principal repayments	**(32,405)**	(23,537)
Net increase in cash	**-**	-
Cash, net of bank indebtedness:		
Beginning	**-**	-
Ending	**$ -**	-

CENTRAL REGIONAL HEALTH AUTHORITY

CENTRAL NORTHEAST HEALTH FOUNDATION INC.

Balance Sheet

March 31, 2010	2010	2009
Assets		
Current assets:		
Cash (Note 8)	$ 257,565	37,871
Receivables (Note 3)	14,582	4,776
Due from Central Regional Health Authority	130,306	308,036
Total current assets	402,453	350,683
Investments restricted for general endowment fund (Note 6)	104,898	89,275
	$ 507,351	439,958
Liabilities		
Current liability:		
Accrued vacation pay	$ 564	609
Net assets, per accompanying statement		
Net assets restricted for general endowment fund	104,898	89,275
Unrestricted net assets (deficit)	401,889	350,074
	506,787	439,349
	$ 507,351	439,958

CENTRAL REGIONAL HEALTH AUTHORITY

CENTRAL NORTHEAST HEALTH FOUNDATION INC.

Statement of Changes in Net Assets

Year ended March 31, 2010

	2010			2009
	Restricted for General Endowment Fund	**Unrestricted Operating**	**Total**	Total
Balance, beginning:				
As previously reported	**$ 89,275**	**350,074**	**439,349**	59,668
Prior years' adjustment to revenue for donations, deferred in error	-	-	-	298,097
As restated	**89,275**	**350,074**	**439,349**	357,765
Excess of revenue over expenditure	-	**67,438**	**67,438**	81,584
Transfers to endowment fund:				
Reinvested investment income	**3,206**	**(3,206)**	-	-
Contributions	**12,417**	**(12,417)**	-	-
Balance, ending	**$ 104,898**	**401,889**	**506,787**	439,349

CENTRAL REGIONAL HEALTH AUTHORITY

CENTRAL NORTHEAST HEALTH FOUNDATION

Statement of Operations

Year ended March 31, 2010

	2010	2009
Revenue:		
Donations	**$ 272,228**	317,575
Staff lottery	**47,758**	37,410
Endowment fund investment income	**3,206**	3,820
Grants	**34,400**	40,000
Other	**243**	10,439
	357,835	409,244
Expenditure:		
Donations for the purchase of capital equipment	**163,977**	200,996
Minor equipment purchases	**2,993**	631
Salaries and benefits	**78,574**	74,860
Office	**3,669**	6,673
Travel	**533**	1,036
Other supplies and expenses	**40,651**	43,464
	290,397	327,660
Excess of revenue over expenditure	**$ 67,438**	81,584

CENTRAL REGIONAL HEALTH AUTHORITY

CENTRAL NORTHEAST HEALTH FOUNDATION INC.

Statement of Cash Flow

Year ended March 31, 2010

	2010	2009
Cash flows:		
Operations:		
Excess of revenue over expenditure	**$ 67,438**	81,583
Changes in:		
Receivables	**(9,806)**	65,224
Due from Central Regional Health Authority	**177,730**	(127,327)
Deferred capital grants	**-**	(15,000)
Accrued vacation pay	**(45)**	-
	235,317	4,480
Investing:		
Increase in general endowment fund investments	**(15,623)**	(3,820)
Net increase in cash	**219,694**	660
Cash:		
Beginning	**37,871**	37,211
Ending	**$ 257,565**	37,871

CENTRAL REGIONAL HEALTH AUTHORITY
SOUTH AND CENTRAL HEALTH FOUNDATION
Balance Sheet
March 31, 2010

	2010	2009
Assets		
Current assets:		
Cash (Note 8)	$ 509,989	627,122
Prepaids (Note 5)	1,101	1,062
Total current assets	511,090	628,184
Investments restricted for general endowment fund (Note 6)	382,788	340,886
Property, plant and equipment (Note 7)	139,013	144,586
	$ 1,032,891	1,113,656
Liabilities		
Current liabilities:		
Due to Central Regional Health Authority:		
Operating	$ 15,803	20,256
Capital	18,746	146,888
Current portion of long-term debt	3,491	2,981
Total current liabilities	38,040	170,125
Long-term debt (Note 11)	103,864	111,682
	141,904	281,807
Net assets, per accompanying statement:		
Net assets invested in property, plant and equipment	31,658	29,923
Net assets restricted for general endowment fund	382,788	340,886
Unrestricted net assets	476,541	461,040
	890,987	831,849
	$ 1,032,891	1,113,656

CENTRAL REGIONAL HEALTH AUTHORITY

SOUTH AND CENTRAL HEALTH FOUNDATION

Statement of Changes in Net Assets

Year ended March 31, 2010

	2010				2009
	Invested in Property Plant and Equipment	Restricted for General Endowment Fund	Unrestricted Operating	Total	Total
Balance, beginning	$ 29,923	340,886	461,040	831,849	469,142
Excess (deficiency) of revenue over expenditure	(5,573)	-	64,711	59,138	362,707
Repayment of long-term debt (Note 15)	7,308	-	(7,308)	-	-
Transfers to endowment fund:					
Reinvested investment income	-	11,902	(11,902)		
Contribution	-	30,000	(30,000)	-	-
Balance, ending	$ 31,658	382,788	476,541	890,987	831,849

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

SOUTH AND CENTRAL HEALTH FOUNDATION

Statement of Operations

Year ended March 31, 2010

	2010	2009
Revenue:		
Donations	**$ 345,955**	456,763
Staff lottery	**58,648**	68,218
Grants	**34,400**	15,000
Endowment fund investment income	**11,902**	14,539
Rental income	**15,600**	16,900
Interest and recoveries	**7,974**	14,318
	474,479	585,738
Expenditure:		
Donations for the purchase of capital equipment	**291,811**	123,410
Rental expenses, including amortization of $5,573 (2009 - $5,151)	**14,016**	13,989
Salaries and benefits - net	**93,717**	81,433
Other supplies and expenses	**15,797**	4,199
	415,341	223,031
Excess of revenue over expenditure	**$ 59,138**	362,707

CENTRAL REGIONAL HEALTH AUTHORITY

SOUTH AND CENTRAL HEALTH FOUNDATION

Statement of Cash Flow

Year ended March 31, 2010

	2010	2009
Cash Flows:		
Operations:		
Excess of revenue over expenditure	$ 59,138	362,707
Amortization	5,573	5,151
	64,711	367,858
Changes in:		
Prepaids	(39)	-
Payables and accruals	-	(1,300)
Deferred capital grant	-	(15,000)
Due to Central Regional Health Authority	(132,595)	(134,501)
	(67,923)	217,057
Investing:		
Increase in general endowment fund investments	(41,902)	(34,539)
Financing:		
Repayment of long term debt	(7,308)	(2,901)
Net increase (decrease) in cash	(117,133)	179,617
Cash:		
Beginning	627,122	447,505
Ending	$ 509,989	627,122

1. Nature of operations:

These financial statements reflect the operating assets, liabilities, revenue and expenditure of the following facilities and clinics operated by the Central Regional Health Authority.

Facilities

A. M. Guy Memorial Health Centre
Baie Verte Peninsula Health Centre
Bonnews Lodge Apartment Complex
Brookfield Bonnews Health Care Centre
Carmelite House Senior Citizens Home
Central Newfoundland Regional Health Centre
Central Northeast Health Foundation Inc.
Connaigre Peninsula Community Health Centre
Dr. Hugh Twomey Health Care Centre
Fogo Island Health Care
Green Bay Community Health Centre
James Paton Memorial Regional Health Centre
Lakeside Homes
North Haven Manor Senior Citizens Home
North Haven Manor Cottages
Notre Dame Bay Memorial Health Care
South and Central Health Foundation
Valley Vista Senior Citizens Home
Valley Vista Cottages

Clinics

Carmanville
Centreville
Eastport
Gambo
Gander Bay
Glovertown
Hare Bay
Hermitage
LaScie
Lewisporte
Mose Ambrose
Musgrave Harbour
New World Island
St. Alban's
St. Brendan's

The operations of the above entities were primarily funded by the Government of Newfoundland and Labrador (the Government) to provide health care services on the Government's behalf, causing all entities to be effectively under common control. As a result, these financial statements have been prepared using the pooling of interest method of accounting. Under this method, the book values of assets, liabilities and net assets of each of the entities being combined, are added together to form the combined value of assets, liabilities and net assets of the Authority.

2. Summary of significant accounting policies:

These financial statements have been prepared in accordance with generally accepted accounting principles for not-for-profit organizations. Outlined below are those policies considered particularly significant by the Authority.

Investments

Investments restricted for general endowment fund are recorded at cost.

2. Summary of significant accounting policies (continued):

Inventories

Inventories are valued on the first in first out basis, as follows:

General stores, at average cost
Drugs, at cost

Property, plant and equipment

The Authority has control over certain lands, buildings and equipment, with the title resting with the Government and consequently these assets are not recorded under property, plant and equipment.

Purchased property, plant and equipment are recorded at cost. Contributed property, plant and equipment are recorded at fair value at the date of contribution. Property, plant and equipment are being amortized on a declining balance basis over their useful lives, at the following rates:

Land improvements	**5%**
Buildings and service equipment	**5%**
Information systems equipment	**33.3%**
Equipment	**12.5%**
Motor vehicles	**20.0%**

In addition, the North Haven Manor Cottage Units Phase I, II, III, North Haven Manor Cottage Units Phase IV, Valley Vista Cottages, Bonnews Lodge Apartment Complex buildings and equipment are being amortized at a rate equal to the annual principal reduction of the mortgages related to the properties. This is in accordance with an operating agreement with Newfoundland and Labrador Housing Corporation.

Replacement reserves

Newfoundland and Labrador Housing Corporation (NLHC) requires that Not-for-Profit Housing groups maintain a Replacement Reserve Fund which is to be used to fund major maintenance and the purchase of property, plant and equipment. These funds may only be used as approved by NLHC. Withdrawals are charged to interest first and then principal.

Transactions in the reserves are shown in Note 14.

Revenue recognition

Central Regional Health Authority follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions related to property, plant and equipment are deferred and amortized to revenue at the same rates which the related property, plant and equipment are amortized.

3. Receivables:

	2010	2009
Operating:		
Provincial plan grants - operating	**$ 15,122,802**	10,541,848
Capital grants	**1,898,854**	2,423,170
Patient, capital donations, rents and other	**4,095,511**	3,983,707
MCP	**1,631,886**	1,473,078
Cancer Foundation	**606,349**	521,635
HST	**987,957**	776,872
	24,343,359	19,720,310
Allowance for doubtful	**767,244**	622,736
	23,576,115	19,097,574
North Haven Manor Cottage Units Phase I,II,III:		
Trade less allowance for doubtful of $1,019 (2009, Nil)	**8,205**	7,368
Due from NLHC - operating subsidy	**9,868**	9,868
	18,073	17,236
North Haven Manor Cottage Units Phase IV:		
Trade, less allowance for doubtful of $781 (2009 - $781)	**2,510**	1,839
Due from NLHC - operating subsidy	**-**	3,203
- replacement reserve	**31,488**	31,488
	33,998	36,530
Valley Vista Cottages:		
Trade	**209**	277
Due from NLHC - operating subsidy	**5,384**	5,384
	5,593	5,661
Bonnews lodge Apartment Complex:		
Due from NLHC - replacement reserve	**48,995**	7,360
Central Northeast Health Foundation:		
Trade	**14,582**	-
Endowment fund contribution receivable	**-**	4,776
	14,582	4,776
	$ 23,697,356	19,169,137

4. Inventories:

	2010	2009
General stores	**$ 1,836,562**	747,294
Drugs	**1,166,817**	1,209,560
	$ 3,003,379	1,956,854

5. Prepaids:

	2010	2009
Operating:		
Equipment maintenance	$ 889,153	738,276
Malpractice and membership fees	126,577	97,425
General insurance	172,317	167,526
Workplace Health, Safety and Compensation Commission	3,848,509	2,956,107
Municipal taxes	578,346	390,464
Other	705,122	586,649
	6,320,024	4,936,447
Municipal taxes:		
North Haven Manor Cottage Units Phase I,II,III	42,451	37,473
North Haven Manor Cottage Units Phase IV	4,161	3,756
Valley Vista Cottages	26,899	25,876
South and Central Health Foundation	1,101	1,062
	$ 6,394,636	5,004,614

6. Investments restricted for general endowment purposes:

The Central Northeast Health Foundation Inc. and the South and Central Health Foundation maintain a joint investment restricted for general endowment purposes, with their proportionate cost as follows:

	2010	2009
Central Northeast Health Foundation Inc.	$ 104,898	89,275
South and Central Health Foundation	382,788	340,886
	$ 487,686	430,161

The quoted market value of these investments at March 31, 2010 was:

	2010	2009
Central Northeast Health Foundation Inc.	$ 109,144	87,161
South and Central Health Foundation	398,266	312,467
	$ 507,410	399,628

7. Property, plant and equipment:

	2010			2009
	Cost	**Accumulated Amortization**	**Net Book Value**	Net Book Value
Operating:				
Land	**$ 211,521**	**-**	**211,521**	211,521
Land improvements	**1,031,546**	**668,336**	**363,210**	382,326
Buildings and service equipment	**65,474,050**	**40,983,219**	**24,490,831**	25,825,178
Equipment	**90,921,587**	**66,807,187**	**24,114,400**	22,976,044
Equipment under capital lease	**2,781,898**	**1,821,483**	**960,415**	418,081
Motor vehicles	**2,424,977**	**1,811,245**	**613,732**	431,220
Motor vehicles under capital lease	**196,503**	**154,807**	**41,696**	52,120
	163,042,082	**112,246,277**	**50,795,805**	50,296,490
North Haven Manor Cottage Units Phase I, II, III:				
Land	**16,900**		**16,900**	16,900
Land improvements	**180,500**	**74,015**	**106,485**	114,010
Buildings	**3,702,090**	**1,518,056**	**2,184,034**	2,338,364
Equipment	**122,320**	**50,158**	**72,162**	77,261
	4,021,810	**1,642,229**	**2,379,581**	2,546,535
North Haven Manor Cottage Units, Phase IV:				
Land	**24,571**		**24,571**	24,571
Buildings	**687,616**	**216,621**	**470,995**	492,728
	712,187	**216,621**	**495,566**	517,299
Valley Vista Cottages:				
Land	**27,014**		**27,014**	27,014
Buildings	**3,588,770**	**2,001,969**	**1,586,801**	1,766,522
Equipment	**33,262**	**27,272**	**5,990**	7,769
	3,649,046	**2,029,241**	**1,619,805**	1,801,305
Bonnews Lodge Apartment Complex:				
Land	**774**		**774**	774
Buildings	**870,022**	**310,918**	**559,104**	591,281
Equipment	**6,204**	**2,217**	**3,987**	4,216
	877,000	**313,135**	**563,865**	596,271
South and Central Health Foundation				
Land	**33,134**		**33,134**	33,134
Building	**119,141**	**13,262**	**105,879**	111,452
	152,275	**13,262**	**139,013**	144,586
	$ 172,454,400	**116,460,765**	**55,993,635**	55,902,486

8. Bank indebtedness:

	2010	2009
Operating:		
Cash	$ 15,995	16,895
Due to bank on current account	(12,673,780)	(996,724)
	(12,657,785)	(979,829)
Cash and bank other:		
North Haven Manor Cottage Units Phase I,II,III	25,330	102,831
North Haven Manor Cottage Units Phase IV	2,836	7,268
Valley Vista Cottages	46,435	27,523
Central Northeast Health Foundation	257,565	37,871
South & Central Health Foundation	509,989	627,122
	$(11,815,630)	(177,214)

The Authority has access to a $15 million line of credit in the form of revolving demand loans at its bankers. These loans have been approved by the Minister of Health and Community Services.

9. Payables and accruals:

	2010	2009
Operating:		
Trade	$ 11,647,386	16,337,646
Residents comfort fund	55,047	56,460
Accrued - wages	7,878,692	8,494,659
- interest	73,186	74,934
- other	69,103	82,760
	19,723,414	25,046,459
North Haven Manor Cottage Units Phase I,II,III:		
Trade	3,167	5,478
Accrued interest	11,874	12,545
	15,041	18,023
North Haven Manor Cottage Units Phase IV:		
Trade	1,613	1,535
Accrued interest	1,759	1,839
Due to NLHC - operating subsidy	287	-
	3,659	3,374
Valley Vista Cottages:		
Trade	1,500	1,500
Accrued interest	5,419	6,034
	6,919	7,534
Bonnews Lodge Apartment Complex:		
Accrued interest	1,025	1,084
Due to NLHC - operating subsidy	5,423	1,540
	6,448	2,624
	$ 19,755,481	25,078,014

10. Deferred grants and donations:

	2010	2009
Operating:		
Deferred operating grants	$ 6,000,438	6,542,340
Deferred capital grants	14,160,775	12,898,700
	$ 20,161,213	19,441,040

11. Long-term debt:

	2010	2009
Operating:		
4.59% CMHC 1st mortgage on Bonnews Lodge: repayable in equal monthly installments of $10,248, interest included; maturing August, 2011	$ 129,720	243,936
3.71% CMHC mortgage on Lakeside Homes; repayable in equal monthly installments of $12,847, interest included; maturing April, 2020, renewable October, 2010	1,297,011	1,401,303
7.5% CMHC mortgage on Lakeside Homes; repayable in equal monthly installments of $4,574, interest included; maturing July, 2023	465,168	484,893
Prime minus 1.1% Canadian Imperial Bank of Commerce deferred demand loan; repayable in equal monthly installments of $3,056, plus interest; maturing December, 2018	320,801	357,473
5.15% Canadian Imperial Bank of Commerce loan for Carmelite House, unsecured; repayable in equal monthly installments of $64,153, interest included; maturing March, 2027	8,761,575	9,071,478
6.55% Canadian Imperial Bank of Commerce mortgage on Botwood housing; repayable in equal monthly installments of $484, interest included; maturing July, 2028, renewable July, 2010	60,347	62,174
	$ 11,034,622	11,621,257

11. Long-term debt (continued):

	2010	2009
Operating balance forward:	**$ 11,034,622**	11,621,257
6.55% Canadian Imperial Bank of Commerce mortgage on Botwood housing; repayable in equal monthly installments of $438, interest included; maturing July, 2027, renewable July, 2010	**54,629**	56,283
5.13% Canadian Imperial Bank of Commerce mortgage on Hospital renovations; repayable in equal monthly installments of $8,328, interest included; maturing February, 2014	**353,920**	433,474
8.0% Newfoundland and Labrador Housing Corporation mortgage on North Haven Manor; repayable in equal monthly installments of $8,298, interest included; maturing February, 2026	**904,734**	939,402
8.0% Newfoundland and Labrador Housing Corporation mortgage on Valley Vista; repayable in equal monthly installments of $10,124, interest included; maturing August, 2027	**1,151,095**	1,180,689
7.88% Newfoundland and Labrador Housing Corporation mortgage on Authority offices; repayable in equal monthly installments of $8,165, interest included; maturing August, 2024	**852,313**	883,117
2.61% Newfoundland and Labrador Housing Corporation mortgage on Valley Vista Senior Citizens Home; repayable in equal monthly installments of $7,900, interest included; maturing July, 2019, renewable September, 2014	**784,300**	854,458
Prime minus 1.1% Canadian Imperial Bank of Commerce deferred demand loan; repayable in equal monthly installments of $6,199, plus interest; maturing 2015	**371,923**	-
8.35%, Toyota Financial Services, loan repayable in equal monthly instalments of $987, interest included; maturing June 2010	**2,920**	14,013
	$ 15,510,456	15,982,693

11. Long-term debt (continued):

	2010	2009
Operating balance forward:	$ 15,510,456	15,982,693
7.0% Bank of Nova Scotia 1st mortgage on land and building at 1 Newman's Hill, Twillingate; repayable in equal monthly installments of $511, interest included; maturing November, 2024, renewable May, 2013	55,595	57,808
7.0% Bank of Nova Scotia 1st mortgage on land and building at 42 Howlett's Road, Twillingate; repayable in equal monthly installments of $413, interest included; maturing June, 2020, renewable May, 2013	35,914	38,307
4.5% Bank of Nova Scotia 1st mortgage on land and building at 30 Smith's Lane, Twillingate; repayable in equal monthly installments of $375, interest included; maturing July , 2020, renewable June, 2011	37,174	39,874
	15,639,139	16,118,682
Less current portion	949,176	842,038
	14,689,963	15,276,644
North Haven Manor Cottage Units Phase I,II,III:		
9.5% Newfoundland and Labrador Housing Corporation mortgage on North Haven Manor Cottages; repayable in equal monthly installments of $7,925, interest included; maturing June, 2029	851,246	866,251
4.5% Industrial Alliance Insurance and Financial Services Inc. mortgage on North Haven Manor Cottages; repayable in equal monthly installments of $8,719, interest included; maturing January, 2016, renewable February, 2012	608,932	684,577
4.16% Newfoundland and Labrador Housing Corporation mortgage on North Haven Manor Cottages; repayable in equal monthly installments of $9,292, interest included; maturing November, 2018, renewable December, 2011	807,885	884,191
	2,268,063	2,435,019
Less current portion	173,167	166,975
	2,094,896	2,268,044
North Haven Manor Cottage Units Phase IV:		
4.31% Newfoundland and Labrador Housing Corporation mortgage on North Haven Manor Cottages; repayable in equal monthly installments of $3,565, interest included; maturing July, 2025, renewable April, 2012	480,566	502,299
Less current portion	22,688	21,741
	$ 457,878	480,558

11. Long-term debt (continued):

	2010	2009
Valley Vista Cottages:		
4.59% Newfoundland and Labrador Housing Corporation mortgage on Valley Vista Cottages; repayable in equal monthly installments of $5,138, interest included; maturing June, 2016, renewable August, 2011	**$ 334,883**	380,179
4.28% Newfoundland and Labrador Housing Corporation mortgage on Valley Vista Cottages; repayable in equal monthly installments of $10,416 interest included; maturing December, 2017, renewable December, 2012	**821,418**	912,103
3.16% Newfoundland and Labrador Housing Corporation mortgage on Valley Vista Cottages; repayable in equal monthly installments of $4,984, interest included; maturing May, 2018, renewable June, 2013	**430,280**	475,799
	1,586,581	1,768,081
Less current portion	**185,624**	178,226
	1,400,957	1,589,855
Bonnews Lodge Apartment Complex:		
2.14% Newfoundland and Labrador Housing Corporation 1st mortgage on Bonnews Apartment Complex; repayable in equal monthly installments of $3,733 interest included; maturing November, 2024, renewable April, 2014	**563,865**	596,271
Less current portion	**33,107**	32,354
	530,758	563,917
South and Central Health Foundation:		
6.5% Newfoundland and Labrador Credit Union mortgage on therapeutic residence; repayable in bi-weekly installments of $397, interest included, maturing in November 2032, renewable November 2012	**107,355**	114,663
Less: current portion	**3,491**	2,981
	103,864	111,682
	$ 19,278,316	20,290,700

11. Long-term debt (continued):

The aggregate amount of principal payments estimated to be required in each of the next five years is as follows:

2011	$ 1,367,253
2012	1,309,900
2013	1,359,438
2014	1,412,244
2015	1,382,850

12. Obligations under capital lease:

The Authority has entered into a number of agreements whereby it leases certain equipment for a term of five years. These leases are accounted for as capital leases with the Authority treating the equipment as an acquisition of an asset and the assumption of an obligation. The effective interest rates range from 5.37% to 7.534%.

The following is a schedule of future minimum lease payments under the capital leases:

Year ending March 31	
2011	$ 261,949
2012	245,644
2013	237,490
2014	237,490
2015	118,745
Total minimum lease payments	1,101,318
Less amount representing interest	111,976
Balance of obligation	989,342
Less current portion	218,127
	$ 771,215

13. Unamortized deferred contribution related to property, plant and equipment:

Deferred contributions related to property, plant and equipment represent restricted contributions with which property, plant and equipment were originally purchased. The changes in the deferred contributions for the year are as follows:

	2010	2009
Balance, beginning	**$ 26,350,952**	27,454,418
Less:		
Disposals	**(560,167)**	(221,012)
Add:		
Capital equipment grants	**5,428,899**	2,449,377
Donated equipment	**222,547**	225,633
	31,442,231	29,908,416
Deduct:		
Amortization	**3,638,573**	3,557,464
Balance, ending	**$ 27,803,658**	26,350,952

14. Replacement reserves:

	2010	2009
North Haven Manor Cottage Units Phase I,II,III:		
Balance, beginning	$ 74,033	44,003
Add:		
Allocation for year	30,220	30,220
Contributions from Authority	12,900	12,900
	117,153	87,123
Less:		
Approved expenditures	43,415	13,090
Balance, ending	73,738	74,033
North Haven Manor Cottage Units Phase IV:		
Balance, beginning	107,850	108,330
Less:		
Approved expenditures	-	480
Balance, ending	107,850	107,850
Valley Vista Cottages:		
Balance, beginning	11,182	5,132
Add:		
Allocation for year	28,928	28,928
Interest income	1	5
	40,111	34,065
Less:		
Approved expenditures	35,570	22,883
Balance, ending	4,541	11,182
Bonnews Lodge Apartment Complex:		
Balance, beginning	117,763	118,765
Less:		
Approved expenditures	-	1,002
Balance, ending	117,763	117,763
	$ 303,892	310,828

14. Replacement reserves (continued):

	2010	2009
Funding:		
Replacement reserve funds	$ 78,279	85,215
Due from Newfoundland and Labrador Housing Corporation	225,613	225,613
	$ 303,892	310,828

15. Investment in property, plant and equipment:

	2010	2009
Operating:		
Repayment of long-term debt	$ 843,654	810,631
Repayment of capital leases	170,964	126,281
	1,014,618	936,912
Cottages and Foundations repayment of long-term debt:		
North Haven Manor Cottage Units Phase I,II,III	166,956	162,736
North Haven Manor Cottage Units Phase IV	21,734	20,877
Valley Vista Cottages	181,499	171,279
Bonnews Lodge Apartment Complex	32,405	23,537
South and Central Health Foundation	7,308	2,901
	$ 1,424,520	1,318,242

16. Operating subsidies:

The Authority has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 56.1 of the National Housing Act to reduce operating costs. The amount of assistance received from Newfoundland and Labrador Housing Corporation in 2010 was $103,338 (2009 - $108,928) for operating facilities and $379,545 (2009 - $381,859) for the Authority's Cottage operations.

17. Commitments:

Operating leases

The Authority has a number of agreements whereby it leases property and equipment in addition to those disclosed under Note 12. These agreements range in terms from one to five years. These leases are accounted for as operating leases. Future minimum lease payments under operating leases are as follows:

2011	$153,738
2012	119,539
2013	111,108
2014	108,932
2015	92,399

17. Commitments (continued):

Energy performance contract

The Authority entered into Energy Performance Contracts during 2001 and 2000 with Enerplan Consultants Ltd. for the design and implementation of measures to improve energy efficiency, wherein Enerplan guaranteed the energy savings component.

The contracts were crystallized at $4,450,214 and $1,247,329 and are being repaid from operating and energy savings over a ten year period having commenced in August, 2002 and January, 2000, respectively.

During the year, the $1,247,329 contract expired.

These contracts were financed through the Canadian Imperial Bank of Commerce for Central West and Associates Capital Limited.

As support for this financing, Enerplan Consultants Ltd., has assigned to the financiers any funds due to them by the Authority for the energy savings component of the contract.

In the opinion of management of the Authority, the guaranteed energy savings component of Enerplan Consultants Ltd. is an offset to the obligations of the Authority to the Canadian Imperial Bank of Commerce and Associates Capital Limited and as a consequence neither the capital expenditures or the financing obligations are reflected in these financial statements of the Authority at March 31, 2010.

18. Contingency

As of March 31, 2010 there were a number of legal claims against the Authority in varying amounts for which no provision has been made. It is not possible to determine the amounts, if any, that may ultimately be assessed against the Authority with respect to these claims, but management and the insurers believe any claims, if successful, will be covered by liability insurance.

19. Financial instruments:

The carrying value of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, approximate their fair values due to relatively short periods to maturity of these instruments.

Grant Thornton

Financial Statements

Chicken Farmers of Newfoundland and Labrador

December 31, 2009

GrantThornton

Auditors' report

Grant Thornton LLP
187 Kenmount Road
St. John's, NL
A1B 3P9

T (709) 722-5960
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To the Directors of

Chicken Farmers of Newfoundland and Labrador

We have audited the statement of financial position of Chicken Farmers of Newfoundland and Labrador at December 31, 2009, and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board at December 31, 2009, and the results of its operations and changes in its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland and Labrador

February 22, 2010

Chartered Accountants

Chicken Farmers of Newfoundland and Labrador

Statements of Operations and Changes in Net Assets

Year Ended December 31	Actual 2009	(Note 11) Budget 2009	Actual 2008	(Note 11) Budget 2008
Revenue				
Levies	$ 267,929	$ 270,000	$ 274,177	$ 258,000
Government funded projects	26,618	-	-	-
Workshop revenue	2,500	-	-	-
Interest and miscellaneous	1,498	398	20,835	270
	298,545	270,398	295,012	258,270
Other costs				
Costs for Government funded projects	29,118	-	-	-
	269,427	270,398	295,012	258,270
Expenses				
Depreciation	881	-	1,101	-
Donations	945	-	1,842	-
Federation of Agriculture	12,450	12,000	12,805	12,000
Honorariums	12,000	12,000	12,000	12,000
Insurance	1,650	2,000	1,798	1,750
Interest and bank charges	1,463	1,000	1,507	1,000
Levy – Chicken Farmers of Canada	78,593	79,200	99,606	75,680
Miscellaneous	162	1,500	724	1,500
Office and postage	9,671	5,000	11,826	5,000
Per diems	8,475	4,000	7,700	4,000
Professional fees	36,611	10,000	18,665	10,000
Promotion	3,923	9,000	3,557	9,000
Rent	2,603	2,950	2,464	2,650
Telephone	6,811	7,500	9,005	7,500
Training	5,177	-	3,986	-
Travel and meetings	33,979	44,000	27,811	44,000
Wages, benefits and severance	74,641	62,900	64,156	64,315
	290,035	253,050	280,553	250,395
Excess of (expenses over revenue) revenue over expenses	$ (20,608)	$ 17,348	$ 14,459	$ 7,875
Net assets, beginning of year	$ 76,047	$ 76,047	$ 61,588	$ 61,588
Excess of (expenses over revenue) revenue over expenses	(20,608)	17,348	14,459	7,875
Net assets, end of year	$ 55,439	$ 93,395	$ 76,047	$ 69,463

Chicken Farmers of Newfoundland and Labrador

Statement of Financial Position

Year Ended December 31	2009	2008
Assets		
Current		
Cash and cash equivalents	$ 61,367	$ 80,671
Receivables (Note 7)	23,126	24,472
Prepaids	2,173	2,173
	86,666	107,316
Long-term investment	15,043	-
Equipment (Note 8)	3,523	4,404
	$ 105,232	$ 111,720
Liabilities		
Current		
Payables and accruals	$ 22,213	$ 22,173
Deferred grant revenue (Note 9)	11,965	-
	34,178	22,173
Accrued severance pay	2,115	-
	36,293	22,173
Net Assets		
Contributed surplus	13,500	13,500
Net assets	55,439	76,047
	68,939	89,547
	$ 105,232	$ 111,720

Commitments (Note 10)

On behalf of the Board

Ruth Noseworthy Chair Ed O'Reilly Director

Chicken Farmers of Newfoundland and Labrador

Statement of Cash Flows

Year Ended December 31	2009	2008
Increase (decrease) in cash and cash equivalents		
Operating		
Excess of (expenses over revenue) revenue over expenses	$ (20,608)	$ 14,459
Depreciation	881	1,101
Accrued severance pay	2,115	-
	(17,612)	15,560
Change in non-cash working capital		
Receivables	1,346	22,503
Prepaids	-	918
Payables and accruals	40	(38,631)
Deferred grant revenue	11,965	-
	(4,261)	350
Investing		
Purchase of investment	(15,043)	
Net (decrease) increase in cash and cash equivalents	(19,304)	350
Cash and cash equivalents		
Beginning of year	80,671	80,321
End of year	$ 61,367	$ 80,671

Chicken Farmers of Newfoundland and Labrador

Notes to the Financial Statements

December 31, 2009

1. Nature of operations

The Chicken Farmers of Newfoundland and Labrador was established in 1981 by the Newfoundland Chicken Marketing Scheme, 1980, under the Natural Products Marketing Act, 1973, to provide for the effective promotion, control and regulation of the production and marketing of chicken in Newfoundland and Labrador. The Board is responsible for administering the regulations as provided for in the Act under the laws of the Province of Newfoundland and Labrador.

2. Canadian Chicken Marketing Agency

Pursuant to authority given to it under the Farm Products Marketing Act of Canada, the Chicken Farmers of Canada (CFC) imposes levies on individual producers. The Chicken Farmers of Newfoundland and Labrador collects these levies directly from the processor and remits them to CFC. There were $78,593 of levies collected in 2009 (2008 - $99,606).

3. Summary of significant accounting policies

Use of estimates

In preparing the Board's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

Levies

The Board charges levies to the producer based on volume of chicken marketed in Newfoundland and Labrador. Revenue is recognized when the chicken is produced/marketed and collectibility is reasonably assured.

Grant revenue

The Board follows the deferred method of accounting for contributions. Revenue is recognized in the year in which the related expenses are incurred.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks, and short term investments with maturities of three months or less. Bank borrowings are considered to be financing activities.

3. Summary of significant accounting policies (cont'd.)

Equipment

Equipment is recorded at cost. Depreciation is provided annually at rates calculated to write off the assets over their estimated useful life as follows, except in the year of acquisition when one half of the rate is used.

Furniture and equipment	20%, declining balance

Accrued severance pay

Severance pay will be awarded at the rate of one week of salary per year of service to a maximum of 20 weeks and is calculated based upon current salary levels. The amount is payable when the employee ceases employment with the Board.

Financial instruments

On January 1, 2008, the Board implemented the CICA Handbook Sections 3855, "Financial Instruments - Recognition and Measurement" and 3861, "Financial Instruments – Disclosure and Presentation".

CICA Handbook Section 3855, "Financial Instruments - Recognition and Measurement", requires the Board to revalue all of its financial assets and liabilities at each financial reporting date.

This standard also requires the Board to classify financial assets and liabilities according to their characteristics and management's choices and intentions related thereto for the purposes of ongoing measurements. Classification choices for financial assets include: a) held for trading - measured at fair value with changes in fair value recorded in net earnings; b) held to maturity - recorded at amortized cost with gains and losses recognized in net earnings in the period that the asset is no longer recognized or impaired; c) available-for-sale -measured at fair value with changes in fair value recognized in net earnings for the current period until realized through disposal or impairment; and d) loans and receivables - recorded at amortized cost with gains and losses recognized in revenue and expenses in the year that the asset is no longer recognized or impaired.

Classification choices for financial liabilities include: a) held for trading - measured at fair value with changes in fair value recorded in revenue and expenses and b) other - measured at amortized cost with gains and losses recognized in revenue and expenses in the year that the liability is no longer recognized. Subsequent measurement for these assets and liabilities are based on either fair value or amortized cost using the effective interest method, depending upon their classification. Any financial asset or liability can be classified as held for trading as long as its fair value is reliably determinable.

3. **Summary of significant accounting policies** (cont'd.)

In accordance with the standard, the Board's financial assets and liabilities are generally classified and measured as follows:

Asset/Liability	Classification	Measurement
Cash and cash equivalents	Held for trading	Fair value
Receivables	Loans and receivables	Amortized cost
Long term investment	Held to maturity	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost

Other balance sheet accounts, such as prepaids and capital assets, are not within the scope of the accounting standard as they are not financial instruments.

The fair value of a financial instrument is the estimated amount that the Board would receive or pay to terminate the instrument agreement at the reporting date. The fair values of cash, receivables, long term investment, accounts payable and accrued liabilities would approximate their carrying value.

Section 3862 "Financial Instruments – Disclosure" and Section 3863 "Financial Instruments - Presentation" replaces Section 3861, "Financial Instruments – Disclosure and Presentation". Section 3862 requires increased disclosures regarding the risk associated with financial instruments such as credit risk and market risks, liquidity risks and the techniques used to identify, monitor and manage these risks. Section 3863 carries forward standards for presentation of financial instruments and non-financial derivatives and provides additional guidance for the classification of financial instruments, from the perspective of the issuer, between liabilities and equity.

Accounting standards and policies adopted during the year

Capital Disclosures

Beginning on January 1, 2009, the Board adopted CICA Handbook Section "Capital Disclosures." Under this Section, the Board is required to disclose its objectives, policies and procedures for managing capital, as well as its compliance with any externally imposed capital requirements.

4. Risk Management

The Board's policy for managing significant risks includes policies, procedures and oversight designed to reduce the risks identified to an appropriate threshold. The Board of Directors is provided with timely and relevant reports on the management of significant risks. Significant risks managed by the Board include liquidity and credit risks.

Liquidity risk

Liquidity risk is the risk that the Board will be unable to meet its contractual obligations and financial liabilities. The Board manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient cash available to meet its obligations and liabilities.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations The Board's credit risk is attributable to receivables. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote.

5. Capital Management

The primary objective of the Board's capital management is to provide adequate funding to ensure efficient operations.

The unrestricted funds are available for future operations and are preserved so the Board can have financial flexibility in the future.

6. Liquid damages assessment

The Chicken Farmers of Newfoundland and Labrador has entered into an Agreement with the other provincial boards known as the Liquidated Damages Assessment Agreement. This Agreement provides for penalties should a province over produce its allocation from C.F.C. As part of this agreement, the Chicken Farmers of Newfoundland and Labrador has filed a letter of credit to C.F.C in respect of any possible penalties assessed. The letter of credit as at December 31, 2009 was $28,658 (2008 - $28,658).

7. Receivables

	2009	2008
Levies	$ 21,342	$ 14,676
Accrued interest	222	634
Travel advances	1,562	5,281
Other	-	3,881
	$ 23,126	$ 24,472

8. Capital assets

			2009	2008
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and equipment	$ 31,841	$ 28,318	$ 3,523	$ 4,404

9. Deferred grant revenue

	2009	2008
Chicken Farmers of Canada Provincial Promotion Project		
Revenue		
Grants	$ 30,200	$ -
Expenses		
Project costs	18,235	-
Balance, end of year	$ 11,965	$ -

10. Commitments

The Board has a commitment under an operating lease for a photocopier. Payments for the next two years are as follows:

2010 - $2,700; and 2011 - $1,350

11. Budget figures

The 2009 and 2008 budget figures presented in the statement of operations are provided by management and have not been audited. These figures are included for convenience of the reader only.

COLLEGE OF THE NORTH ATLANTIC

AUDITOR'S REPORT

FINANCIAL STATEMENTS – MARCH 31, 2010

Walters Hoffe
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Board of Governors of **College of the North Atlantic**

We have audited the statement of financial position of **College of the North Atlantic** as at March 31, 2010 and the statements of operations, changes in net assets and cash flow for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the College as at March 31, 2010, and the results of its operations and the changes in net assets and cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

Walters Hoffe
Chartered Accountants

Gander, Newfoundland
June 18, 2010

College of the North Atlantic
Statement of Financial Position
March 31, 2010

	2010	2009
Assets		
Current assets		
Cash	$ 41,765,343	$ 39,444,037
Receivables - Note 2	13,254,494	15,542,987
Inventory	1,336,122	1,363,371
Prepaid expenses	1,263,687	1,347,841
Total current assets	57,619,646	57,698,236
Property, plant & equipment - Note 3	20,888,778	18,523,465
Trust accounts - Note 4	1,358,346	1,091,054
	$ 79,866,770	$ 77,312,755
Liabilities and Equity		
Current liabilities		
Payables and accruals - Note 5	$ 13,717,698	$ 13,578,732
Deferred revenue - Note 6	5,535,224	5,176,439
Due to Qatar Campus - Note 10	22,858,475	13,438,490
Vacation entitlement - management	2,219,343	2,040,253
Vacation entitlement - other	5,585,496	4,988,576
Severance - current portion	1,000,000	1,000,000
Total current liabilities	50,916,236	40,222,490
Trust accounts - Note 4	1,358,346	1,091,054
Deferred capital contributions - Note 7	6,572,622	5,753,909
Severance	12,640,604	11,304,795
	71,487,808	58,372,248
Equity		
Surplus - net of capital reserve, per accompanying statement	494,252	11,055,797
Capital reserve - Note 11	7,884,710	7,884,710
Total Equity	8,378,962	18,940,507
	$ 79,866,770	$ 77,312,755

Approved:

Board Chair ____________________

Audit Committee Chair ____________________

College of the North Atlantic
Statement of Operations
Year Ended March 31, 2010

	2010	2009
Revenue - Schedule 1		
Grant-in-aid	$ 80,394,900	$ 72,040,900
Facilities	358,272	379,433
Administration	224,016	502,213
Instructional	27,545,580	29,547,605
Student services	684,385	729,026
Information technology	400,636	385,180
Resale	4,678,419	4,504,067
Apprenticeship	2,811,354	3,583,107
Continuing education	782,334	877,734
Contracts	7,891,125	7,371,404
International	978,909	886,443
Special projects	6,433,119	9,712,142
Total revenue	133,183,049	130,519,254
Expenditure - Schedules 2 to 13		
Facilities	6,047,455	6,209,484
Administration	15,899,260	14,625,167
Instructional	76,292,827	63,433,805
Student services	10,615,734	9,572,683
Information technology	11,931,589	10,411,955
Resale	5,790,154	5,448,523
Apprenticeship	3,613,575	2,980,799
Continuing education	696,448	837,983
Contracts	7,218,622	7,043,947
International	688,431	841,775
Special projects	3,035,718	2,697,217
Total expenditure	141,829,813	124,103,338
Surplus (deficit) before unfunded adjustments	(8,646,764)	6,415,916
Unfunded adjustments:		
Severance	(1,317,862)	(210,214)
Vacation pay	(596,919)	(622,288)
Total unfunded adjustments	(1,914,781)	(832,502)
Surplus (deficit) of revenue over expenditures	$ (10,561,545)	$ 5,583,414

College of the North Atlantic
Statement of Changes in Net Assets
Year Ended March 31, 2010

	Operating	Property Plant & Equipment	Severance and Annual Leave	Surplus - net of Capital Reserve	Capital Reserve	2010 Total	2009 Total
Balance, beginning	$ 15,446,331	12,769,558	(17,160,092)	11,055,797	7,884,710	18,940,507	$ 13,357,093
Property, plant & equipment purchases during year	(7,993,574)	7,993,574					
Amortization of property, plant & equipment	5,393,513	(5,393,513)					
Capital grants received during the year	2,927,358	(2,927,358)					
Amortization of deferred capital contributions	(2,108,645)	2,108,645					
Net book value of property, plant & equipment disposed during the year	234,749	(234,749)					
Surplus (deficit) of revenue over expenditure per accompanying statement	(8,646,764)		(1,914,781)	(10,561,545)		(10,561,545)	5,583,414
Balance, ending	$ 5,252,968	$ 14,316,157	$ (19,074,873)	$ 494,252	$ 7,884,710	$ 8,378,962	$ 18,940,507

College of the North Atlantic
Statement of Cash Flow
Year Ended March 31, 2010

	2010	2009
Cash flows:		
Surplus (deficit) of revenue over expenditure	$ (10,561,545)	$ 5,583,414
Add items of a non - cash nature:		
Loss (gain) of property, plant & equipment	0	(970)
Loss (gain) on disposal of property, plant & equipment	(6,279)	(47,180)
Amortization	5,393,513	4,392,594
	(5,174,311)	9,927,858
Changes in:		
Current assets	2,399,895	(3,821,869)
Current liabilities	10,693,746	7,602,080
Accrued severance	1,335,809	250,459
	9,255,139	13,958,528
Financing:		
Change in deferred capital contributions	818,713	39,961
Investing:		
Proceeds from sale of property, plant & equipment	241,028	60,485
Additions to property, plant & equipment	(7,993,574)	(7,550,953)
	(7,752,546)	(7,490,468)
Net increase in cash	2,321,306	6,508,021
Cash, beginning	39,444,037	32,936,016
Cash, ending	$ 41,765,343	$ 39,444,037

College of the North Atlantic
Revenue
Year Ended March 31, 2010

	2010	2009
Grant-in-aid	$ 80,394,900	$ 72,040,900
Facilities		
Amortization of deferred capital contribution	32,129	24,827
Classroom/video rental	15,000	15,000
Parking	3,643	6,307
Other	307,500	333,299
	358,272	379,433
Administration		
Interest	82,695	333,852
Amortization of deferred capital contribution	57,372	57,634
Gain on disposal of capital assets	6,279	48,150
Other	77,670	62,577
	224,016	502,213
Instructional		
Tuition	9,217,155	9,163,826
Equipment and materials	1,594,417	1,440,946
Subsidy	13,393,381	16,211,189
Amortization of deferred capital contribution	1,819,381	1,559,131
Daycare	315,102	337,699
Other	1,206,144	834,814
	27,545,580	29,547,605
Student services		
Application fee	239,021	232,180
Registration fee	343,269	342,453
Amortization of deferred capital contribution	13,499	10,845
Other	88,596	143,548
	684,385	729,026
Information technology		
Amortization of deferred capital contribution	173,317	160,260
Other	227,319	224,920
	400,636	385,180
Continuing education		
Tuition	781,846	877,613
Other	488	121
	782,334	877,734
Contracts		
Tuition	3,410,201	4,227,342
Apprenticeship/Post Journey	108,490	76,820
Other	4,372,434	3,067,242
	7,891,125	7,371,404

Schedule 1

College of the North Atlantic

Revenue

Year Ended March 31, 2010

Resale		
Bookstore	3,183,229	2,928,279
Food services	1,150,489	1,228,414
Residence	330,414	333,958
Amortization of deferred capital contribution	12,947	12,898
Other	1,340	518
	4,678,419	4,504,067
Apprenticeship		
Apprenticeship	2,811,354	3,583,107
	2,811,354	3,583,107
International		
International	978,909	886,443
	978,909	886,443
Special projects		
Qatar (net) - Note 10	4,178,574	7,260,588
Other projects	2,254,545	2,451,554
	6,433,119	9,712,142
	$ 133,183,049	$ 130,519,254

College of the North Atlantic
Summary of Facilities Expenditures
Year Ended March 31, 2010

	2010	2009
Salaries and benefits	$ 1,550,672	$ 1,407,575
Professional fees	95,272	120,398
Travel	6,224	7,460
Insurance	323,964	351,300
Photocopying/printing	1,651	1,231
Office related supplies	1,335	2,145
General advertising	301	1,707
Freight and customs	1,620	2,354
Telephone	4,764	4,728
Utilities	1,297,441	1,480,443
Repairs and maintenance	1,209,237	1,256,514
Vehicle operations	168,792	177,402
Equipment rentals	17,106	16,237
Facilities rentals	917,214	962,845
Protective clothing	17,262	12,298
Amortization	201,853	120,619
Computer supplies	680	1,849
Minor equipment and tools	30,272	86,447
Minor computer equipment	5,247	9,038
Materials and supplies	196,548	186,894
	$ 6,047,455	$ 6,209,484

Schedule 3

College of the North Atlantic
Summary of Administration Expenditures
Year Ended March 31, 2010

	2010	2009
Salaries and benefits	$ 11,426,887	$ 10,305,668
Professional development	284,835	236,846
Employee recognition and wellness	11,463	22,321
Professional fees	245,476	240,113
Travel	390.149	404,218
Recruitment and relocation	226,032	69,667
Insurance	0	1,652
Bank charges	191,977	174,837
Photocopying/printing	252,354	349,095
Office related supplies	409,766	464,545
Membership fees	67.628	119,426
General advertising	299,493	322,366
Doubtful receivables	117,041	45,001
Freight and customs	144,893	127,198
Telephone	714,830	684,265
Utilities	2,793	5,666
Repairs and maintenance	128,882	82,604
Vehicle operations	10.602	6,124
Equipment rentals	48.630	41,900
Facilities rentals	39,181	0
Protective clothing	7,597	7,693
Amortization	114,555	83,222
Laundry and drycleaning	1,784	1,147
Computer supplies	110,938	30,996
Contracted Services	2,819	928
Educational materials	12.578	14,743
Student related	9.685	3,663
Minor equipment and tools	203,911	210,665
Minor computer equipment	116.288	112,809
Materials and supplies	306,193	455,789
	$ 15,899,260	$ 14,625,167

Schedule 4

College of the North Atlantic
Summary of Instructional Expenditures
Year Ended March 31, 2010

	2010	2009
Salaries and benefits	$ 62,979,317	$ 52,518,671
Professional development	318,731	367,450
Professional fees	264,178	320,445
Travel	676,600	570,999
Recruitment and relocation	106,865	66,948
Insurance	0	1,581
Photocopying/printing	151,949	163,355
Office related supplies	98,993	71,750
Membership fees	26,824	23,403
General advertising	116,170	117,939
Freight and customs	105,469	85,983
Telephone	171,509	166,749
Utilities	3,477	2,088
Repairs and maintenance	566,683	153,627
Vehicle operations	332,624	437,259
Equipment rentals	38,662	105,045
Facilities rentals	117,900	107,790
Protective clothing	23,719	20,188
Amortization	4,589,565	3,648,209
Food cost	113,676	115,333
Laundry and drycleaning	6,272	5,356
Textbooks and supplies	95	430
Computer supplies	344,082	254,236
Contracted services	69,547	178,773
Educational materials	139,471	182,979
Daycare operations	159,941	146,225
Student related	512,199	335,977
Minor equipment and tools	1,075,380	796,487
Minor computer equipment	1,043,160	287,585
Materials and supplies	2,139,769	2,180,945
	$ 76,292,827	$ 63,433,805

College of the North Atlantic
Summary of Student Services Expenditures
Year Ended March 31, 2010

	2010	2009
Salaries and benefits	$ 8,380,498	$ 7,713,746
Professional development	131,197	29,000
Employee recognition and wellness	575	1,036
Professional fees	9,845	48,154
Travel	137,841	118,725
Recruitment and relocation	0	885
Insurance	7,778	6,170
Photocopying/printing	185,667	145,810
Office related supplies	69,565	85,156
Membership fees	5,513	3,745
General advertising	733,932	635,011
Freight and customs	27,680	20,559
Telephone	22,978	21,353
Repairs and maintenance	10,371	2,648
Equipment rentals	1,569	1,709
Facilities rentals	3,287	2,863
Protective clothing	1,311	178
Amortization	30,257	30,280
Laundry and drycleaning	5,027	0
Computer supplies	18,497	43,429
Contracted services	112,945	112,875
Educational materials	225,238	230,672
Student related	243,289	70,589
Minor equipment and tools	111,325	70,938
Minor computer equipment	30,905	42,938
Materials and supplies	108,644	134,214
	$ 10,615,734	$ 9,572,683

Schedule 6

College of the North Atlantic
Summary of Information Technology Expenditures
Year Ended March 31, 2010

	2010	2009
Salaries and benefits	$ 5,077,401	$ 4,394,580
Professional development	84,374	541,184
Professional fees	28,086	127,109
Travel	408,144	286,969
Photocopying/printing	9,334	883
Office related supplies	22,097	13,621
Freight and customs	3,695	3,488
Telephone	16,864	16,529
Repairs and maintenance	42,352	6,677
Facilities Rentals	0	2,917
Amortization	439,060	492,511
Computer supplies	5,561,267	3,715,618
Contracted services	21,279	28,098
Minor equipment and tools	67,780	48,508
Minor computer equipment	97,202	675,995
Materials and supplies	52,654	57,268
	$ 11,931,589	$ 10,411,955

College of the North Atlantic
Summary of Resale Expenditures
Year Ended March 31, 2010

	2010	2009
Salaries and benefits	$ 1,833,195	$ 1,811,172
Professional development	3,104	320
Travel	14,208	7,427
Photocopying/printing	7,992	9,687
Office related supplies	20,916	20,242
General advertising	828	277
Freight and customs	146,495	144,908
Telephone	4,751	3,552
Utilities	13,332	22,097
Repairs and maintenance	18,487	22,254
Protective clothing	15,253	15,488
Amortization	18,222	17,753
Food cost	897,810	921,610
Laundry and drycleaning	16,019	24,822
Textbooks and supplies	2,720,693	2,319,790
Computer supplies	7,344	1,759
Minor equipment and tools	23,903	14,530
Minor computer equipment	3,301	3,809
Materials and supplies	24,301	87,026
	$ 5,790,154	$ 5,448,523

Schedule 8

College of the North Atlantic
Summary of Apprenticeship Expenditures
Year Ended March 31, 2010

	2010	2009
Salaries and benefits	$ 2,758,593	$ 2,174,774
Professional fees	2,000	392
Travel	1,337	1,379
Recruitment and relocation	1,378	0
Photocopying/printing	6,143	2,822
Office related supplies	566	340
General advertising	0	3,145
Freight and customs	5,429	4,999
Repairs and maintenance	14,098	9,471
Vehicle operations	4,307	2,670
Equipment rentals	4,386	0
Protective clothing	4,824	2,945
Food cost	37,257	25,839
Laundry and drycleaning	5,155	3,734
Computer supplies	11,697	11,569
Contracted services	2,451	14,403
Educational materials	17,526	20,263
Student related	362,856	268,678
Minor equipment and tools	92,300	80,457
Minor computer equipment	11,148	3,936
Materials and supplies	270,124	348,983
	$ 3,613,575	$ 2,980,799

Schedule 9

College of the North Atlantic
Summary of Continuing Education Expenditures
Year Ended March 31, 2010

	2010	2009
Salaries and benefits	$ 527,975	$ 623,241
Professional fees	10,320	18,664
Travel	5.077	7,088
Photocopying/printing	2,344	1,813
General advertising	6,932	8,785
Freight and customs	815	1,179
Facilities rentals	3,724	5,983
Contracted services	35,709	66,566
Educational materials	1,013	2,172
Student related	52,680	43,025
Minor computer equipment	3,918	416
Materials and supplies	45,941	59,051
	$ 696,448	$ 837,983

Schedule 10

College of the North Atlantic
Summary of Contract Expenditures
Year Ended March 31, 2010

	2010	2009
Salaries and benefits	$ 5,029,253	$ 4,707,321
Professional development	7,432	5,042
Professional fees	44,837	40,526
Travel	127,422	164,865
Recruitment and relocation	1,358	0
Photocopying/printing	12,741	17,285
Office related supplies	23,690	9,767
Membership fees	1,018	8,844
General advertising	59,766	66,210
Freight and customs	24,086	11,043
Telephone	12,438	14,729
Repairs and maintenance	50,727	21,438
Vehicle operations	42,701	131,406
Equipment rentals	256,353	221,978
Facilities rentals	117,505	131,168
Protective clothing	13,013	5,667
Food cost	29,596	45,952
Laundry and drycleaning	1,748	0
Computer supplies	20,131	8,105
Contracted services	461,395	717,430
Educational materials	25,642	10,533
Student related	319,865	260,913
Minor equipment and tools	71,387	19,331
Minor computer equipment	34,820	13,962
Materials and supplies	429,698	410,432
	$ 7,218,622	$ 7,043,947

Schedule 11

College of the North Atlantic
Summary of International Expenditures
Year Ended March 31, 2010

	2010	2009
Salaries and benefits	$ 357,588	$ 344,146
Professional fees	15	3,297
Travel	49,142	60,666
Photocopying/printing	841	777
Office related supplies	1,746	1,069
Membership fees	1,818	13,584
General advertising	22,450	60,851
Freight and customs	4,575	9,487
Telephone	2,787	1,439
Computer supplies	(761)	368
Contracted services	204,981	307,792
Educational Materials	2,826	1,699
Student related	13,924	16,014
Minor equipment and tools	1,581	2,879
Minor computer equipment	7,833	2,081
Materials and supplies	17,085	15,626
	$ 688,431	$ 841,775

Schedule 12

College of the North Atlantic
Summary of Special Projects Expenditures
Year Ended March 31, 2010

	2010	2009
Salaries and benefits	$ 1,445,518	$ 1,601,535
Professional development	14,933	33,555
Professional fees	182,520	323,879
Travel	107,860	52,631
Photocopying/printing	7,458	8,143
Office related supplies	3,522	7,728
General advertising	43,256	71,460
Freight and customs	17,296	4,297
Telephone	9,763	9,345
Repairs and maintenance	30,793	16,074
Vehicle operations	561	360
Equipment rentals	6,542	7,596
Facilities rentals	1,700	1,707
Food cost	2,475	4,112
Computer supplies	97,309	36,837
Contracted services	36,201	0
Educational materials	1,148	10,703
Student related	355,551	82,176
Minor equipment and tools	224,334	66,253
Minor computer equipment	129,492	42,244
Materials and supplies	317,486	316,582
	$ 3,035,718	$ 2,697,217

College of the North Atlantic
Summary of Expenditures
Year Ended March 31, 2010

	2010	2009
Salaries and benefits	$ 101,366,897	$ 87,602,429
Professional development	844,606	1,213,397
Employee recognition and wellness	12,038	23,357
Professional fees	882,549	1,242,977
Travel	1,924,004	1,682,427
Recruitment and relocation	335,633	137,500
Insurance	331,742	360,703
Bank charges	191,977	174,837
Photocopying/printing	638,474	700,901
Office related supplies	652,196	676,363
Membership fees	102,801	169,002
General advertising	1,283,128	1,287,751
Doubtful receivables	117,041	45,001
Freight and customs	482,053	415,495
Telephone	960,684	922,689
Utilities	1,317,043	1,510,294
Repairs and maintenance	2,071,630	1,571,307
Vehicle operations	559,587	755,221
Equipment rentals	373,248	394,465
Facilities rentals	1,200,511	1,215,273
Protective clothing	82,979	64,457
Amortization	5,393,512	4,392,594
Food cost	1,080,814	1,112,846
Laundry and drycleaning	36,005	35,059
Textbooks and supplies	2,720,788	2,320,220
Computer supplies	6,171,184	4,104,766
Contracted services	947,327	1,426,865
Educational materials	425,442	473,764
Daycare operations	159,941	146,225
Student related	1,870,049	1,081,035
Minor equipment and tools	1,902,173	1,396,495
Minor computer equipment	1,483,314	1,194,813
Materials and supplies	3,908,443	4,252,810
	$ 141,829,813	$ 124,103,338

College of the North Atlantic
Notes to Financial Statements
For the twelve months ending March 31, 2010

Authority and Purpose

The College of the North Atlantic (the College) operates under the authority of the College Act, 1996, Province of Newfoundland and Labrador. In accordance with Section 6 of the College Act, 1996, the College is a statutory crown corporation and as such is not subject to either Federal or Provincial income taxes and is exempt from Municipal taxes. The College is Newfoundland and Labrador's public college. The College is committed to providing accessible, responsive, quality learning opportunities which prepare people to become self-sufficient contributors to social and economic development both in a provincial and global context.

1 Significant accounting policies:

The financial statements of the College have been prepared within the framework of Canadian generally accepted accounting principles which requires the use of estimates and assumptions that affect the amounts reported and disclosed in these statements and related notes. Any variations between these estimates and actual amounts are not expected to materially affect reported results. The more significant accounting policies of the College are as follows:

(a) *Revenue recognition*

The College follows the deferral method of accounting for contributions which includes donations and government grants. Grants for expenditures of future periods are deferred and recognized as revenue in the year in which the related expenditures were incurred. Grants for capital assets are deferred and recognized as revenue on the same basis as the acquired capital assets are amortized.

Revenue from contractual services is recognized as the service is delivered.

(b) *Basis of accounting*

The College follows the accrual basis of accounting.

(c) *Inventory*

Inventory which consists mainly of books and food supplies is recorded at the lower of cost or net realizable value

College of the North Atlantic
Notes to Financial Statements
For the twelve months ending March 31, 2010

(d) *Property, Plant &Equipment*

Property, plant & equipment recorded prior to the April 1, 1997 amalgamation of the former Colleges are recorded at either cost, nominal, or approximate fair value. Property, plant & equipment acquired after April 1, 1997 are recorded at cost. Amortization is recorded on a straight line basis using the following estimated useful lives:

Artwork	No amortization
Capital improvements	10 and 5 years
ERP - Peoplesoft	10 years
Computer and peripherals	3 years
Furnishings	5 years
Instructional equipment	5 years
Other electronic equipment	5 years
Software	3 years
Vehicles	5 years

One half year's amortization is taken in the year of acquisition.

No amortization is recorded for assets under development.

The value of donated artwork has not been recorded in these financial statements.
An accurate valuation of donated artwork has not been obtained at March 31, 2010.

On disposal, property, plant & equipment are removed from the accounts at their net book value. Proceeds from disposals are recorded and any resulting gain or loss on disposal is realized.

(e) *Severance and vacation pay*

The College is liable for severance pay to employees who have nine or more years of continuous public service. An amount has been recorded in the financial statements to reflect this liability. No provision for severance has been made for employees with less than the required years of service.

(f) *Foreign Currencies*

Transactions in foreign currencies are recorded in Canadian dollars at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the Statement of Financial Position date. Exchange gains or losses arising from the translations are included in the Statement of Operations.

2 Receivables

	2010	2009
Government of Newfoundland	$ 3,176,751	$ 2,919,692
LMDA Subsidy	5,715,657	8,925,953
Students	1,260,042	1,242,394
Other	4,078,677	3,418,066
	14,231,127	16,506,105
Less allowance for doubtful accounts	976,633	963,118
	$ 13,254,494	$ 15,542,987

3 Property, Plant & Equipment

	2010			2009
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Artwork	$ 5,500	$ 0	$ 5,500	$ 5,500
Capital improvements	13,909,923	5,962,253	7,947,670	6,117,565
Computer and peripherals	7,445,954	6,335,786	1,110,168	1,095,319
Furnishings	600,598	446,997	153,601	162,532
Instructional equipment	34,539,567	27,491,987	7,047,580	5,937,897
Other electronic equipment	612,217	220,914	391,303	204,978
Software	372,040	372,040	0	0
ERP - Peoplesoft	3,789,958	2,084,477	1,705,481	2,084,477
Vehicles	7,530,787	5,003,312	2,527,475	2,915,197
	$ 68,806,544	$ 47,917,766	$ 20,888,778	$ 18,523,465

The land and buildings being used by the College, with the exception of some rental property, are the properties of the Province of Newfoundland and Labrador. Expenditures for repairs and maintenance of these buildings, paid by the Province, are not recorded in the financial statements of the College.

4 Trust accounts

Trust accounts represent donations and related interest restricted for scholarships, awards and other specified purposes. Changes in the trust account balance are as follows:

	2010	2009
Opening balance	$ 1,091,054	$ 727,799
Net deposits and payments	234,235	341,052
Interest	33,057	22,203
Closing balance	$ 1,358,346	$ 1,091,054

College of the North Atlantic
Notes to Financial Statements
For the twelve months ending March 31, 2010

5 Payables and accruals

		2010		2009
Trade liabilities	$	5,503,038		5,927,790
Accrued wages and benefits		1,932,113		2,923,278
End of service compensation		5,387,492		3,928,955
Other		895,055		798,709
	$	13,717,698	$	13,578,732

6 Deferred revenue

		2010		2009
LMDA Subsidy	$	1,085,950		1,279,332
Residence and program fees		75,586		44,847
Qatar contribution to ERP		0		224,919
Contract training and special projects		4,373,688		3,627,341
	$	5,535,224	$	5,176,439

7 Deferred capital contributions

Deferred capital contributions represent the unamortized amount of grants and special funding received for the purchase of property, plant & equipment (PPE). Changes in the deferred capital contributions balances are as follows:

		2010		2009
Balance, beginning of year	$	5,753,909	$	5,713,948
Contributions received for PPE purposes				
- Provincial grants		1,500,000		1,500,000
- Special projects		1,427,358		365,556
Amortization of deferred capital contributions		(2,108,645)		(1,825,595)
	$	6,572,622	$	5,753,909

8 Pensions

Under Section 26 of the College Act, 1996, College staff is subject to the Public Service Pension Act, 1996. Employee contributions are matched by the College and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire.

9 Commitments

Lease Commitment

The College leases some equipment and facilities under long-term operating leases. Lease payments for the next five years, committed under operating leases extending beyond one year, are as follows:

2010-2011	1,534,277
2011-2012	1,030,279
2012-2013	222,730
2013-2014	145,503
2014-2015	14,357

10 Comprehensive Agreement with the State of Qatar

The College has a comprehensive agreement with the State of Qatar to establish, operate and administer a College of Applied Arts and Technology in Doha, Qatar for a period, September 30, 2001 to August 31, 2012. It has since been extended to August 31, 2013. The agreement is funded by the State of Qatar. For its services, the College is paid an annual Management Fee of 10% of base salaries. The College receives quarterly advances to cover cash flow requirements.

Due to Qatar

	2010	2009
Cash on Deposit	$ 20,553,861	12,866,939
Payables (accruals)	(3,086,795)	571,551
Payable as a result of overbilling	5,391,409	
Net Liability	$ 22,858,475	13,438,490

Results of Operations

	2010	2009
Gross Proceeds	$ 10,803,849	10,559,553
Salary & Fees Adjustment	(4,352,909)	-
Management Costs	(2,272,367)	(3,298,965)
Net Proceeds	$ 4,178,573	$ 7,260,588

Salaries and fees have been overbilled according to the Comprehensive Agreement. Corrected current activity is reflected in the "Gross Proceeds." The amounts related to March 31, 2009 and prior are shown as the "Salary & Fees Adjustment."

11 Capital reserve

The Government of Newfoundland and Labrador has directed funds to be held and considered as support for the College's infrastructure requests.

Capital Reserve balance consists of:

		2010		2009
Opening balance	$	7,884,710	$	3,020,000
Government of Newfoundland and Labrador				4,864,710
Total Reserve	$	7,884,710	$	7,884,710

12 Financial instruments

The carrying values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, approximate their fair values due to the relatively short periods to maturity of these instruments.

13 Comparative figures

Certain of the 2009 comparative figures have been reclassified to conform to the financial presentation adopted in 2010.

Conseil scolaire francophone provincial De Terre-Neuve-et-Labrador

Financial Statements / Auditors' Report

30 June, 2009

NOSEWORTHY & CHAPMAN
CHARTERED ACCOUNTANTS

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AUDITORS' REPORT

To Conseil Scolaire Francophone Provincial de Terre-Neuve-et-Labrador

We have audited the statement of financial position of the Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador as at June 30, 2009 and the related statements of current revenues, expenditures and Board equity, statement of cash flows and statement of changes in capital fund position for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at June 30, 2009 and the results of its operations and changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles and as explained in Note 1 to the financial statements, and are in compliance with reporting requirements established for School Boards in the Province of Newfoundland and Labrador by the Department of Education.

Noseworthy Chapman
Chartered Accountants
St. John's, Newfoundland & Labrador
August 31, 2009

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

STATEMENT OF FINANCIAL POSITION

June 30, 2009

	2009	2008
Assets		
Current Assets		
Short Term Investments (Supp. Info. 2)	$ 306,000	$ 225,000
Accounts Receivable (Note 2)	493,156	425,977
HST Receivable	28,603	20,919
Prepaid Expenses (Supp. Info. 3)	31,802	11,585
Total Current Assets	859,561	683,481
Long Term Investments	-	6,000
Capital Assets (Sch. 8)	7,660,469	7,811,864
	$ 8,520,030	$ 8,501,345
Liabilities and Board Equity		
Current Liabilities		
Due to bank (Supp. Info.1)	$ 63,204	$ 17,760
Due to the Government of Newfoundland & Labrador	152,733	227,585
Accounts Payable and Accruals (Note 3)	53,614	50,035
Current Maturities	-	-
Total Current Liabilities	269,551	295,380
Long-Term Debt	-	6,000
Severance Pay Benefits - Teaching staff (Note 5)	238,694	230,337
Severance Pay Benefits - Non-teaching staff (Note 5)	50,698	28,907
Other Employee Benefits - Vacation pay	10,238	9,067
Summer Pay Liability	372,746	325,360
Deferred Revenue	88,571	11,495
	760,947	605,166
Board Equity		
Investment in capital assets (Note 4)	7,646,175	7,794,745
Reserve - (Note 6)	36,000	21,000
Board Equity (Deficit)	(192,643)	(220,946)
Total Board Equity	7,489,532	7,594,799
	$ 8,520,030	$ 8,501,345

Contingent liability (Note 7)

See Accompanying Notes

Approved:

Chairperson

Director of Education

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Statement of Current Revenues, Expenditures and Board Equity (Deficiency)

Year Ended June 30, 2009

	2009	2009 Budget	2008
Current Revenue (Schedule 1)			
Federal Government Grants	$ 1,215,865	$ 1,229,500	$ 1,269,318
Provincial Government Grants	5,791,573	5,153,300	4,978,858
Donations	-	-	-
Ancillary Services	138,002	143,000	128,366
Miscellaneous	14,849	30,750	54,445
	7,160,289	6,556,550	6,430,987
Current Expenditures			
Administration - (Schedule 2)	525,185	466,750	451,433
Instruction (Schedule 3)	3,679,284	3,360,400	3,092,953
Operations and Maintenance (Schedule 4)	698,976	619,400	694,598
Pupil Transportation (Schedule 5)	379,509	342,000	336,135
Ancillary Services (Schedule 6)	196,809	160,000	159,615
Miscellaneous Expense (Schedule 7)	-	-	-
Pupil Services - federal grant (Schedule 10)	1,024,756	1,042,200	1,060,754
Community programs - federal grant (Schedule 11)	173,665	187,300	180,000
Amortization of capital assets	385,030	387,500	391,063
	7,063,214	6,565,550	6,366,551
Excess of Revenue over Expenditure before undernoted item	97,075	(9,000)	64,436
Transfer to Capital Fund	45,415	0	117,687
Excess of Revenue over Expenditure for the Period	51,660	(9,000)	(53,251)
Teacher severance pay accrual (Note 5)	(8,357)		(65,464)
Adjusted excess of Revenue over Expenditures	43,303		(118,715)
Board Deficiency, Beginning of Year	(220,946)		(94,731)
Transfer (to) from reserve	(15,000)		(7,500)
Fund Deficiency, End of the Year	$ (192,643)		$ (220,946)

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Statement of Cash Flows
Year Ended June 30, 2009

		2009	2008
60	**Operating Activities**		
011	Excess of Revenue over Expenditures (Expenditures over Revenue)	$ 43,303	$ (118,715)
012	Changes in Non-Cash Working Capital		
013	- Short Term Investments	(81,000)	121,000
014	- Accounts Receivable	(74,863)	(47,605)
015	- Prepaid Expenses	(20,217)	15,512
014	- Accounts Payable & Accrued Expenses	(71,273)	(4,231)
015	- Amortization of capital assets	2,825	2,854
016	Other non-working capital items		
016	- Summer Pay Liability	47,386	64,661
016	- Severance pay accrual	30,148	66,243
	- Long term deposits		
	- Other employee benefits	1,170	711
	- Deferred revenue	77,077	(99,559)
		(45,444)	871
61	**Financing Activities**		
011	Proceeds from Bank Loans	-	-
012	Grants - Capital	233,636	202,158
013	Other Capital Revenue	-	-
014	Changes in Long-Term Debt	-	-
015	Other - reserve	-	4,000
		233,636	206,158
62	**Investing Activities**		
011	Proceeds in Sale of Capital Assets	-	-
012	Additions to Capital Assets	(233,636)	(202,158)
013	Other	-	-
		(233,636)	(202,158)
63	**Increase (decrease) in Cash**	(45,444)	4,871
64	**Cash, Beginning of the Year**	(17,760)	(22,631)
65	**Cash, End of the Year**	$ (63,204)	$ (17,760)

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Statement of Changes in Capital Fund
Year Ended June 30, 2009

		2009	2008
70	**Capital Receipts**		
71	**Proceeds from Bank Loans**		
011 -	School Construction	$ -	$ -
012 -	Equipment	-	-
013 -	Service Vehicles	-	-
014 -	Pupil Transportation	-	-
		-	-
72	**Federal Grants**		
011	School Construction and Equipment	-	-
012	Other	-	-
		-	-
73	**Donations**		
011 -	Cash Receipts	-	-
012 -	Non-Cash Receipts	-	-
013 -	Restricted Use	-	-
		-	-
74	**Sale of Capital Assets - Proceeds**		
011 -	Land & 012 Buildings	-	-
013 -	Equipment	-	-
014 -	Service Vehicles	-	-
015 -	Pupil Transportation Vehicles	-	-
		-	-
75	**Other Capital Revenues**		
011 -	Interest on Capital Fund Investments	-	-
012 -	Premiums on Debentures	-	-
013 -	Recoveries of Expenditures	-	-
015 -	Insurance Proceeds	-	-
016 -	Native Peoples Grants	-	-
017 -	Miscellaneous		
	- Capital Grants - Province of NL	188,221	84,471
	- Cost sharing for Info Technology Grants	-	-
Total Capital Receipts		188,221	84,471
77	**Transfer from Reserve Account**	-	-
78	**Transfer from Current Fund**	45,415	117,687
Total		$ 233,636	$ 202,158

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Statement of Changes in Capital Fund (Cont'd)
Year Ended June 30, 2009

		2009	2008
80	**Capital Disbursements**		
81	**Additions to Capital Assets**		
011	- Land and Sites	$ 125,000	$ -
012	- Buildings	63,221	84,471
013	- Furniture & Equipment - Schools	19,070	97,685
014	- Furniture & Equipment - Other	25,454	20,002
015	- Service Vehicles	-	-
016	- Pupil Transportation	-	-
017	- Other - Centre des Grands-Vents	891	
		233,636	202,158
82	**Principal Repayment of Long Term Debt**		
011	- School Construction	-	-
012	- Equipment	-	-
013	- Service Vehicles	-	-
014	- Other	-	-
		-	-
83	**Miscellaneous Disbursements**		
013	- Other	-	-
	Total Capital Disbursements	$ 233,636	$ 202,158

1. Significant Accounting Policies:

The accompanying financial statement have been prepared on a fund accounting basis which is generally accepted for School Districts. Fund accounting can be defined as "accounting procedures in which a self balancing group of accounts is provided for each fund". It is customary for School Districts to account separately for the current and capital funds.

A summary of significant accounting policies adopted by the District, relating to their use of fund accounting, is as follows:

a) Grants received by the District are recorded in either the current or capital funds depending on their source. Grants from the Department of Education are treated as current revenues while those from the province in regard to capital projects are recorded as capital revenues.

b) Capital asset additions are recorded at full cost in the capital fund and are amortized over their useful lives.

c) The School board has acquired, in certain cases, land for its buildings without cost. In other cases, the board obtained authorization to use the land without ownership, as long as the properties are used for educational purposes. In the case where the land is board property, if value determinations were not possible, the fair market value was not recorded.

d) Capital assets are amortized using the straight line method based on the following number of years:

School buildings - 40 years
Furniture - 10 years
Equipment - 10 years
Computers - 4 years

e) Funding relating to capital assets is deferred and amortized according to the same method used for the assets to which it relates.

f) The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates include providing for amortization of capital assets. Actual results could differ from these estimates.

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Notes to the Financial Statements
Year Ended June 30, 2009

		2009	2008
2.	**Accounts Receivable**		
	Current		
11	131 Provincial Government	$ 438,085	$ 344,028
	132 Transportation	-	-
	133 Federal Government	28,473	37,269
	136 Other School Districts	-	-
	137 Rent	21,386	22,604
	138 Interest	155	441
	139 Travel Advances and Misc.	4,039	9,207
	Capital		
11	231 Provincial Government Construction Grants	1,018	12,428
	233 Local Contributions		
	234 Other School Districts		
	235 Other		
		$ 493,156	$ 425,977

3. Accounts Payable and Accruals

				2009	2008
		Current			
21	111	Trade Payable		$ 27,396	$ 14,329
	112	Accrued	- Liabilities	26,218	35,706
	113		- Interest	-	-
	114		- Wages	-	-
	115	Payroll Deductions		-	-
	116	Retail Sales Tax		-	-
	117	Deferred Grants		-	-
	118	Other		-	-
		Capital			
21	211	Trade Payable		-	-
	212	Accrued	- Liabilities	-	-
	213		- Interest	-	-
	217	Deferred Grants		-	-
	218	Other		-	-
				$ 53,614	$ 50,035

	2009	2008
4. Investment in capital assets - beginning of year	$ 7,794,745	$ 7,980,798
Add:		
Transfer of Operating Funds to Capital Fund	45,415	117,687
Grants		
- Province - Contribution for Capital Construction	-	-
- Other	-	-
Capital Projects funded by the province but paid directly to other souces on behalf of the District	188,221	84,471
Donations	-	-
Proceeds from the sale of Capital Assets		
- Land	-	-
- Buildings	-	-
- Equipment	-	-
- Vehicles	-	-
- Other	-	-
Interest on Capital Fund Investments	-	-
Recoveries of Expenditures	-	-
Insurance Proceeds - Capital	-	-
Miscellaneous	-	-
	233,636	202,158
Deduct Adjustments:		
Amortization of Investment in Capital Assets	382,206	388,211
Cost of assets sold		
- Land	-	-
- Buildings	-	-
- Equipment	-	-
- Vehicles	-	-
- Other	-	-
	382,206	388,211
Other	-	-
23 221 **Investment in capital assets -end of year**	$ 7,646,175	$ 7,794,745

5. Accrued Severance Leave

The amount of $8,357 for teachers' severance costs and the amount of $21,791 for non-teaching staff severance costs are included in expenses. The amount of $238,694 for teachers' severance costs and the amount of $50 698 for non-teaching staff severance costs for a total of $289,392 are included in the liabilities.

The adjustment for teachers' severance pay is required by the Department of Education of the Government of Newfoundland and Labrador and has no impact on the operation of the School Board. No account receivable is included in the accounts to offset this liability.

The accrued severance leave for non-teaching personnel is funded out of the board's regular operating grants.

6. Reserve

In accordance with leases with the tenants of the Centre scolaire et communautaire des Grand-Vents in St. John's, this reserve constitutes funds that management has designated as restricted funds to allow for the future purchase of computer equipment and major renovations of the building.

7. Contingent Liability

The organization was served a statement of claim for an unspecified dollar amount by an individual for wrongful dismissal from a position within Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador. Subsequently, a defense to the statement of claim has been filed by the organization. To date this issue has yet to be resolved and the amount and likelihood any settlement is not determinable at this time.

8. Comparative Figures

Certain of the prior year comparative figures have been reclassified to conform to the current year's presentation.

Schedule 1

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Current Revenues
Year Ended June 30, 2009

		2009	2009 Budget	2008
	Current Revenues			
	Federal Government Grants			
	Regular Operating Grants	$ 1,215,865	$ 1,229,500	$ 1,269,318
32 010	**Provincial Government Grants**			
011	Regular Operating Grants	$ 1,385,608	$ 1,311,300	$ 1,263,568
	Amort. of deferred rev for capital assets	382,206	385,000	388,211
016	Special Grants	-	-	-
	- Traditionnal Music	9,359	26,000	23,132
	- Official Language Monitor	40,473	57,500	58,543
	- French Language recuperation	-	-	-
	- Textbook credit allocation	-	-	-
	- Communication Tech	-	-	-
	- Other	162,279	3,500	157,830
	Salaries and Benefits	-	-	-
017	- Superintendent and Asst. Supts.	212,343	200,000	195,925
021	- Regular Teachers	2,972,698	2,650,000	2,424,371
022	- Substitute Teachers	97,309	55,000	82,669
	- Student Assistants	66,825	45,000	50,843
	- Senior Educational Officer	85,771	80,000	-
030	Pupil Transportation	-	-	-
031	- Board Owned	-	-	-
032	- Contracted	376,702	340,000	333,766
033	- Handicapped	-	-	-
		5,791,573	5,153,300	4,978,858
33 010	**Donations**			
012	Cash Receipts	-	-	-
013	Non Cash Receipts	-	-	-
014	Restricted Use	-	-	-
		-	-	-
34 010	**Ancillary Services**			
011	Revenues from Rental of Residences	7,875	10,000	-
021	Revenues from Rental of Schools and	-	-	-
	Facilities	105,127	108,000	103,366
031	Cafeterias	-	-	-
032	Other - ARCO	25,000	25,000	25,000
		138,002	143,000	128,366
		7,145,440	6,525,800	6,376,542

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Current Revenues
Year Ended June 30, 2009

		2009	2009 Budget	2008
35 010	**Miscellaneous**			
011	Interest on Investments	$ 953	3,500	$ 2,582
012	Bus Charters	-	-	-
021	Recoveries of Expenditures	-	-	-
031	Revenues from Other School Boards	-	-	-
051	Insurance Proceeds	-	-	-
061	Bilingual Education Revenue	-	-	-
071	Operating Rev. from Native Peoples Grant	-	-	-
081	Miscellaneous Federal Grants	-	-	41,085
091	Textbooks	-	-	-
092	Other			
	- Mining Company Grants	13,391	13,500	10,778
	- Tutoring for tuition	-	-	-
	- Sundry	505	13,750	-
		14,849	30,750	54,445
	Total Current Revenues	$ 7,160,289	$ 6,556,550	$ 6,430,987

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Administration Expenditures
Year Ended June 30, 2009

		2009	2009 Budget	2008
51	**Salaries and Benefits**			
011	Superintendents and Assistant Superintendents	$ 212,343	$ 200,000	$ 193,695
012	Board Office Personnel	116,847	100,000	86,323
013	Office Supplies	9,550	5,750	5,863
014	Replacement Furniture and Equipment	3,990	5,000	345
015	Postage	7,626	6,000	4,625
016	Telephone	18,438	17,000	19,003
017	Office Equipment Rentals and Repairs	10,124	8,000	8,512
018	Bank Charges	3,680	3,000	2,939
019	Electricity	-	-	-
021	Fuel	-	-	-
022	Insurance	-	-	-
023	Repairs and Maintenance - Office Building	3,867	2,500	1,761
024	Travel	32,675	26,000	25,721
025	Board Meeting Expenses	38,995	45,000	47,216
026	Election Expenses	-	-	-
027	Professional Fees	28,369	23,000	23,029
028	Advertising - Recruitment	16,906	3,000	6,404
029	Membership Dues	17,188	16,000	17,172
031	Municipal Service Fees	520	-	2,536
032	Rental of Office Space	-	-	-
033	Relocation Expenses	-	2,000	-
034	Miscellaneous	2,015	1,000	515
035	Payroll Tax	-	-	-
	Training	2,052	3,500	5,774
	Total Administration Expenditures	$ 525,185	$ 466,750	$ 451,433

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Instruction Expenditures

Year Ended June 30, 2009

			2009	2009 Budget	2008
52	10	**Instructional Salaries (Gross)**			
	11	Teachers' Salaries - Regular	$ 2,521,147	$ 2,200,000	$ 2,051,136
	12	- Substitute	87,229	55,000	65,211
	13	- Board Paid	18,489	23,000	87,766
	14	Augmentation	-	-	-
	15	Employee Benefits	426,556	400,000	359,297
	16	School Secretaries - Salaries & Benefits	155,961	143,400	114,680
	17	Payroll Tax	58,506	50,000	46,650
	18	Other - Sal. & Ben. - program coord.	160,310	200,000	107,793
		Other - Sal. & Ben. - student asst	55,816	43,500	42,080
		Other - Sal. & Ben. - Labrador	834	-	3,558
			3,484,848	3,114,900	2,878,171
52	40	**Instructional Materials**			
	41	General Supplies	20,214	24,000	25,583
	42	Library Resource Materials	-	2,500	-
	43	Teaching Aids	31,797	25,000	31,795
	44	Textbooks	381	6,500	3,956
			52,392	58,000	61,334
52	60	**Instructional Furniture and Equipment**			
	61	Replacement	9,438	27,500	4,082
	62	Rentals and Repairs	9,855	10,000	9,733
			19,293	37,500	13,815
50	80	**Instructional Staff Travel**			
	81	Program Co-ordinators	30,186	30,000	15,907
	82	Teachers' Travel	26,164	16,500	17,861
	83	Inservice and Conferences	1,896	11,500	11,620
			58,246	58,000	45,388
52	90	**Other Instructional Costs**			
	91	French Monitor Program	44,484	62,500	63,677
	92	Special Needs - Evaluations	9,003	-	-
		Traditional Music	9,359	26,000	23,133
		Kinderstart	1,659	3,500	7,435
			64,505	92,000	94,245
		Total Instruction Expenditures	$ 3,679,284	$ 3,360,400	$ 3,092,953

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Operations and Maintenance Expenditures - Schools
Year Ended June 30, 2009

			2009	2009 Budget	2008
53	011	Salaries - Janitorial	$ 214,158	$ 184,300	$ 188,608
	012	- Maintenance	94,806	82,000	79,948
	013	Payroll Tax	-	-	-
	014	Electricity	140,738	134,600	129,494
	015	Fuel	-		-
	016	Municipal Service Fees/Garbage Removal	7,468	7,500	7,729
	017	Telephone	24,241	26,500	27,092
		Communications - Distance education	-	-	-
	018	Vehicle Operating and Travel	21,991	19,000	22,826
	019	Janitorial Supplies	16,877	16,000	17,629
	021	Janitorial Equipment	1,823	4,000	1,545
	022	Repairs and Maintenance - Buildings	101,502	55,500	120,915
	023	- Equipment	7,080	17,500	40,010
	024	Contracted Services - Janitorial	5,089	5,000	341
	025	Snow Clearing	59,980	56,000	55,210
	026	Rentals	-	-	-
	027	Other (Miscellaneous)	3,223	11,500	3,251
		Total Operations and Maintenance	$ 698,976	$ 619,400	$ 694,598

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Pupil Transportation Expenditures
Year Ended June 30, 2009

			2009	2009 Budget	2008
54	010	Operation and Maintenance of Board Owned Fleet	$ -	$ -	$ -
	011	Salaries and Benefits - Administration			
	012	- Drivers and	-	-	-
		Mechanics	-	-	-
	013	Payroll Tax	-	-	-
	014	Debt Repayment - Interest	-	-	-
	015	- Principal	-	-	-
	016	Bank Charges	-	-	-
	017	Gas and Oil	-	-	-
	018	Licenses	-	-	-
	019	Insurance	-	-	-
	021	Repairs and Maintenance - Fleet	-	-	-
	022	- Building	-	-	-
	023	Tires and Tubes	-	-	-
	024	Heat and Light	-	-	-
	025	Municipal Service	-	-	-
	026	Snow Clearing	-	-	-
	027	Office Supplies	-	-	-
	028	Rent	-	-	-
	029	Travel	-	-	-
	031	Professional Fees	-	-	-
	032	Miscellaneous	-	-	-
	033	Telephone	-	-	-
	034	Vehicle Leases	-	-	-
			-	-	-
54	040	Contracted Services			
	041	Regular Transportation	379,509	342,000	336,135
	042	Handicapped	-	-	-
			379,509	342,000	336,135
		Pupil Transportation Expenditures	$ 379,509	$ 342,000	$ 336,135

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Ancillary Services and Miscellaneous Expenses
Year Ended June 30, 2009

Schedule 6

Ancillary Services

The Board owns and operates the following ancillary services:

		2009	2009 Budget	2008
55	Ancillary Services			
011	Operation of Teachers' Residences	$ 16,571	$ 10,000	$ -
031	Cafeterias	-	-	-
032	Other - Community Centre operations	180,238	150,000	159,615
032	Other - Environmental Centre	-	-	-
	Total ancillary services	$ 196,809	$ 160,000	$ 159,615

Schedule 7

Miscellaneous Expenses

The Board has incurred the following miscellaneous expenses:

	Other	$ -	$ -
57 011	Total miscellaneous expenses	$ -	$ -

Schedule 8

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Details of Capital Assets
Year Ended June 30, 2009

	Cost 2008	Additions 2009	Cost 2009	Accumulated Amortization 2009	Net book value 2009	Net book value 2008
12 210 **Land and Sites**						
211 Land and Sites	$ -	$ 125,000	$ 125,000	$ -	$ 125,000	$ -
12 220 **Buildings**						
221 Schools	11,135,908	63,221	11,199,129	4,071,735	7,127,394	7,325,820
222 Administration	-	-	-		-	-
223 Residential	-	-	-	-	-	-
224 Recreational	-	-	-	-	-	-
225 Other	-	-	-	-	-	-
	11,135,908	63,221	11,199,129	4,071,735	7,127,394	7,325,820
12 230 **Furniture and Equip.**						
231 Schools	845,146	19,070	864,216	542,073	322,143	395,000
232 Administration	298,120	25,454	323,574	263,821	59,753	61,604
233 Residential	-	-	-	-	-	-
234 Recreation	-	-	-	-	-	-
235 Other - CGV	40,630	891	41,521	15,342	26,179	29,440
	1,183,896	45,415	1,229,311	821,236	408,075	486,044
12 240 **Vehicles**						
241 Service Vehicles	-	-	-	-	-	-
12 250 **Pupil Transportation**						
251 Land	-	-	-	-	-	-
252 Building	-	-	-	-	-	-
253 Vehicles - Buses	-	-	-	-	-	-
254 - Service	-	-	-	-	-	-
255 Equipment	-	-	-	-	-	-
256 Other	-	-	-	-	-	-
	-	-	-	-	-	-
12 260 **Misc. Capital Assets**						
261 Other	-	-	-	-	-	-
Total Capital Assets	$ 12,319,804	$ 233,636	$ 12,553,440	$ 4,892,971	$ 7,660,469	$ 7,811,864

Schedule 9

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Details of Long Term Debt
Year Ended June 30, 2009

		2009	2008
22 210	Loans Other than Pupil Transportation	$	$
	Ref. #		
211	**Bank Loans**		
	___ Repayable $________monthly, maturing _____	-	-
	___ Repayable $________monthly, maturing _____	-	-
	___ Repayable $________monthly, maturing _____	-	-
	___ Repayable $________monthly, maturing _____	-	-
	___ Repayable $________monthly, maturing _____	-	-
	___ Repayable $________monthly, maturing _____	-	-
	Total 211	-	-
212	**Mortgages**		
	___ Repayable $________annually, maturing ______	-	-
	___ Repayable $________monthly, maturing ______	-	-
	___ Repayable $________monthly, maturing ______	-	-
	___ Repayable $________monthly, maturing ______	-	-
	___ Repayable $________monthly, maturing ______	-	-
	___ Repayable $________monthly, maturing ______	-	-
	Total 212	-	-
213	**Debentures**		
	___ Repayable $________annually, maturing ______	-	-
	___ Repayable $________monthly, maturing ______	-	-
	Total 213	-	-
	Subtotal	-	-
215	Less Current Maturities	-	-
	Total Loans Other Than Pupil Transportation	$ -	$ -

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Details of Long Term Debt
Year Ended June 30, 2009

	2009	2008
22 220 Loans - Pupil Transportation		
Ref. #		
221 **Vehicle Bank Loans**		
____ Repayable $______monthly, maturing _____	$ -	$ -
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
Total 221	-	-
222 **Land, Buildings and Equipment Bank Loans**		
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
Total 222	-	-
Subtotal	-	-
223 Less Current Maturities	-	-
Total Loans - Pupil Transportation	-	-
Total Long Term Debt	$ -	$ -

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Summary of Long Term Debt
Year Ended June 30, 2009

Description	Ref#	Rate	Balance Beginning of Period	Loans Obtained During Period	Principal Repayment for Period	Balance End of Period
A) School Construction			$ -	$ -	$ -	$ -
B) Equipment			-	-	-	-
C) Service Vehicles			-	-	-	-
D) Other						
Integrated Education Council 8% - 9 3/4%			-	-	-	-
E) Pupil Transportation			-	-	-	-
Total Loans			$ -	$ -	$ -	$ -

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Schedule of Current Maturities
Year Ended June 30, 2009

Description	Year 1	Year 2	Year 3	Year 4	Year 5
A) School Construction	$ -	$ -	$ -	$ -	$ -
B) Equipment	-	-	-	-	-
C) Service Vehicles	-	-	-	-	-
D) Other	-	-	-	-	-
E) Pupil Transportation	-	-	-	-	-
Total	$ -	$ -	$ -	$ -	$ -

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Schedule of Interest Expense
Year Ended June 30, 2009

		2009	2008
56 010			
	Description		
012	**Capital**		
	School Construction	$ -	$ -
	IEC	-	-
	Equipment	-	-
	Service Vehicles	-	-
	Other		
	Energy Management	-	-
	Total Capital	-	-
013	**Current** - Operating Loans	-	-
014	- Supplier Interest	-	-
	- Charges	-	-
	Total Current	-	-
	Total Interest Expense	$ -	$ -

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Pupil Services - federal funding

Year Ended June 30, 2009

	2009	2009 Budget	2008
Pedagogical renewal plan	$163,260	$195,500	$318,183
Educational Resource Centre	18,898	18,000	63,160
Language recovery	190,000	195,000	260,804
Teacher recruitment and retention	107,607	97,500	85,474
Distance education	25,377	25,000	37,138
Strategic planning	-	-	10,518
Artists in residence / Art & cultural programming	32,552	30,000	26,098
Principal & teacher training	58,034	57,500	44,436
Support for school improvement projects	3,963	10,000	14,244
Public speaking program	19,463	20,000	17,274
Promotion / Student recruitment	112,485	117,500	46,879
French professional services	42,240	40,300	29,803
Board training	4,199	8,800	24,100
Federal project administration	37,500	-	36,500
Adult language recovery	4,000	4,000	1,870
French recuperation center	26,795	36,500	-
Development advisor	-	-	15,239
Radio Web	1,783	5,000	-
Post-secondary initiatives	-	-	900
Student Support Services	176,600	181,600	28,134
Total - Pupil services - federal funding	$1,024,756	$1,042,200	$1,060,754

Schedule 11

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Community programs - federal funding

Year Ended June 30, 2009

	2009	2009 Budget	2008
Family resource centers	$81,906	$87,562	$95,760
After school programs	35,997	53,021	25,200
Family literacy - Port-au-Port peninsula	30,514	28,437	30,240
Saturday school program	12,848	6,280	16,800
Summer Project	12,400	12,000	12,000
Total community programs	$173,665	$187,300	$180,000

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Supplementary Information
Year Ended June 30, 2009

1. Cash

			2009	2008
		Current		
11	110	Cash on Hand and in Bank	$ -	$ -
	111	Cash on Hand	-	-
	112	Bank - Current	(63,204)	(17,760)
	113	- Savings	-	-
	114	- Teachers' Payroll	-	-
	115	- Non Teachers' Payroll	-	-
	116	- Coupon (Debenture)	-	-
	117	- Other (Petty Cash)	-	-
			(63,204)	(17,760)
		Capital		
11	210	Cash on Hand and in Bank	-	-
	211	Cash on Hand	-	-
	212	Bank - Current	-	-
	213	- Savings	-	-
	214	- Other	-	-
			-	-
		Total Cash on Hand and in Bank	$ (63,204)	$ (17,760)

2. Short Term Investments

			2009	2008
		Current		
11	121	Term Deposits	$ 306,000	$ 225,000
	122	Canada Savings Bonds	-	-
	123	Other		
		- Canada Treasury Bills	-	-
		- Mutual Funds	-	-
		- Balance in Broker account	-	-
		- Guaranteed Investment Certificate	-	-
		Capital		
11	221	Term Deposits	-	-
	222	Canada Savings Bonds	-	-
	223	Other	-	-
		Total Short Term Investments	$ 306,000	$ 225,000

			2009	2008
3.		**Prepaid Expenses**		
		Current		
11	141	Insurance		
	142	Municipal Service Fees	$ -	$ -
	143	Supplies	-	-
	144	Other		
		- Workers' Compensation Commission	13,538	9,616
		- Salaries	-	-
		- Teachers in-service - advance	937	200
		- Airplane Tickets	-	-
		- Board meetings - advance	7,717	-
		- Rental - damage deposit	1,700	-
		- Travel advances	-	1,091
		- Miscellaneous	348	678
		Capital	-	-
11	241	Other	7,562	-
		Total prepaid expenses	$ 31,802	$ 11,585

CONSUMER PROTECTION FUND FOR PREPAID FUNERAL SERVICES

FINANCIAL STATEMENTS

31 MARCH 2010

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Minister of Government Services
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Consumer Protection Fund for Prepaid Funeral Services as at 31 March 2010 and the statements of revenues, expenses and deficit, and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Consumer Protection Fund for Prepaid Funeral Services as at 31 March 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
3 June 2010

CONSUMER PROTECTION FUND FOR PREPAID FUNERAL SERVICES
BALANCE SHEET

31 March	2010	2009
ASSETS		
Current		
Accounts receivable	$ 21,591	$ 14,801
Receivable relating to restitution order (Note 2)	-	23,662
	$ 21,591	$ 38,463
LIABILITIES AND DEFICIT		
Current		
Bank indebtedness (Note 3)	$ 6,009	$ 97,735
Accounts payable and accrued liabilities	4,079	7,827
Deferred revenue	7,838	8,611
	17,926	114,173
Liability for claims arising from prepaid funeral services contracts (Note 4)	106,178	117,354
	124,104	231,527
Deficit	(102,513)	(193,064)
	$ 21,591	$ 38,463

See accompanying notes

Signed on behalf of the Fund:

Minister of Government Services

David N Oliver
Deputy Minister of Government Services

CONSUMER PROTECTION FUND FOR PREPAID FUNERAL SERVICES
STATEMENT OF REVENUES, EXPENSES AND DEFICIT

For the Year Ended 31 March	2010	2009
REVENUES		
Assessments (Note 5)	$ 98,694	$ 54,395
EXPENSES		
Interest and bank charges	1,253	5,100
Professional services	8,761	10,834
	10,014	15,934
Excess of revenues over expenses from operations	**88,680**	38,461
Other revenue		
Recovery relating to restitution order (Note 2)	1,871	23,662
Excess of revenues over expenses	**90,551**	62,123
Deficit, beginning of year as previously reported	**(201,167)**	(263,290)
Adjustment, to correct error in liability for claims arising from prepaid funeral services contracts (Note 9)	8,103	8,103
Deficit, beginning of year as restated	**(193,064)**	(255,187)
Deficit, end of year	**$ (102,513)**	$ (193,064)

CONSUMER PROTECTION FUND FOR PREPAID FUNERAL SERVICES

STATEMENT OF CASH FLOWS

For the Year Ended 31 March	2010	2009
Cash flows from operating activities		
Excess of revenues over expenses	$ 90,551	$ 62,123
Change in non-cash working capital	12,351	(12,358)
	102,902	49,765
Cash flows from financing activities		
Payment of claims arising from prepaid funeral services contracts (Note 4)	(11,176)	(22,615)
Net decrease in bank indebtedness	91,726	27,150
Bank indebtedness, beginning of year	(97,735)	(124,885)
Bank indebtedness, end of year	$ (6,009)	$ (97,735)

Authority

The Consumer Protection Fund for Prepaid Funeral Services (the Fund) was established under the *Prepaid Funeral Services Act* for the purpose of paying in whole or in part, claims arising out of a prepaid funeral contract against a person who holds or held a licence under the *Act*.

1. Significant accounting policies

These financial statements have been prepared by the Fund's management in accordance with Canadian generally accepted accounting principles. Significant accounting policies adopted by management are as follows:

(a) Revenue recognition

Assessment revenue is recognized as earned.

(b) Deferred revenue

Deferred revenue represents revenue related to future operating periods. The revenue will be reported in the applicable future period to which it relates.

2. Restitution Order

A Restitution Order in the amount of $500,029 is in place against the former owner of the failed funeral home in Port aux Basques. This Restitution Order has been registered in the province where the owner now resides. During 2009 the financial institution which held the first mortgage on the property co-owned by this individual foreclosed on the property and in June 2009 the Fund received $23,662 from the resulting sale of this property. During 2010, the Fund received an additional amount of $1,871 in connection with this sale. The Restitution Order is still in effect and further action will be taken by the Fund where there is a likelihood of recovery.

3. Bank indebtedness

The Fund has a $200,000 revolving demand credit facility guaranteed by the Government of Newfoundland and Labrador. Interest is charged at the bank's prime rate. As at 31 March 2010, $6,009 (2009 - $97,735) had been drawn down on this line of credit.

4. Liability for claims arising from prepaid funeral services contracts

The liability for claims arising from prepaid funeral services contracts resulted from the failure of a funeral home in Port aux Basques in November 2000 where 88 customers had purchased prepaid funerals totalling $492,790. An additional claim has also been recognized for a customer who was not included in the original liability. During the year 2 claims (2009 - 3) relating to these prepaid funeral services contracts were paid by the Fund. Details of the change in the liability are as follows:

	2010	2009
Liability, beginning of year	**$ 117,354**	$ 148,072
Error in original liability (Note 9)	-	(8,103)
Payment of claims during the year	**(11,176)**	(22,615)
Liability, end of year	**$ 106,178**	$ 117,354

5. Assessments

A seller of prepaid funeral services is required to pay to the Fund an amount that is 1% - 5% of the cost of each prepaid funeral contract, based on the percentage of the seller's prepaid obligation held in trust. During the year, $98,694 (2009 - $54,395) was paid to the Fund.

6. Financial instruments

The Fund's financial instruments recognized on the balance sheet consist of accounts receivables, bank indebtedness, and accounts payable and accrued liabilities. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them.

7. Related party transactions

The Fund is administered by employees of the Department of Government Services. The costs of administration are paid directly by the Department and are not reflected in these financial statements. The costs of administration are offset by licence fees collected by the Department.

8. Income taxes

The Fund is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

9. Correction of prior period error

During the year, an error was identified in the original liability recorded for claims arising from prepaid funeral services contracts, resulting in an overstatement of the liability in the amount of $8,103. This also resulted in an overstatement of the Deficit by the same amount.

The Fund has corrected the error by decreasing the Liability for claims arising from prepaid funeral services contracts as previously reported in the 2009 audited financial statements by $8,103. As a result of this correction, the Deficit, beginning of year, as previously reported in the 2009 audited financial statements has also decreased by $8,103.

CREDIT UNION DEPOSIT GUARANTEE CORPORATION

Financial Statements

Year Ended December 31, 2009

BRIAN T. SCAMMELL CA CBV
ASSURANCE VALUATION & ADVISORY

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St. John's, NL A1A 5B5
P: 709.699.1135
E: brian@briantscammell.ca

AUDITOR'S REPORT

To the Directors of Credit Union Deposit Guarantee Corporation

I have audited the balance sheet of Credit Union Deposit Guarantee Corporation as at December 31, 2009 and the statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Brian Scammell

CHARTERED ACCOUNTANT

St. John's, NL
March 16, 2010

Credit Union Deposit Guarantee Corporation
Balance Sheet
December 31, 2009

	2009	2008
ASSETS		
CURRENT		
Cash	$ 175,244	$ 324,842
Marketable securities *(Note 3)*	5,238,888	4,902,662
Accounts receivable	2,072	641
Interest receivable	70,673	70,110
Hamonized sales tax recoverable	23,828	24,671
Prepaid expenses	2,981	4,050
	5,513,686	5,326,976
CAPITAL ASSETS *(Note 4)*	12,610	23,573
	$ 5,526,296	$ 5,350,549
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT		
Accounts payable	$ 179,384	$ 71,299
FUND BALANCE	5,346,912	5,279,250
LIABILITIES AND SHAREHOLDERS' EQUITY	$ 5,526,296	$ 5,350,549

ON BEHALF OF THE BOARD

_________________________ *Director*

_________________________ *Director*

Credit Union Deposit Guarantee Corporation
Statement of Income and Retained Earnings
Year Ended December 31, 2009

	2009	2008
FEES		
Assessments	**$ 1,024,069**	$ 904,402
Interest	**211,826**	213,081
Bonding insurance	**300,427**	317,924
Other	**650**	700
	1,536,972	1,436,107
EXPENSES		
Salaries and wages	**503,990**	466,356
Bonding insurance	**250,124**	268,600
Training	**65,143**	37,850
Travel	**39,906**	36,868
Meetings and conventions	**36,710**	19,658
Rental	**31,333**	32,606
Office	**13,585**	20,917
Professional fees	**14,899**	8,285
Telephone	**12,315**	10,845
Data access costs	**11,330**	-
Vehicle	**10,836**	8,882
Directors fees	**9,375**	7,420
Advertising and promotion	**8,664**	8,956
Amortization	**3,516**	9,028
Memberships	**-**	1,456
	1,011,726	937,727
INCOME FROM OPERATIONS	**525,246**	498,380
OTHER EXPENSES		
Loss on disposal of assets	**(2,915)**	-
NET INCOME	**522,331**	498,380
DEPOSIT GUARANTEE FUND BALANCE - BEGINNING OF YEAR	**5,279,250**	5,461,899
	5,801,581	5,960,279
Assistance to credit unions	**(454,669)**	(681,029)
DEPOSIT GUARANTEE FUND BALANCE - END OF YEAR	**$ 5,346,912**	$ 5,279,250

Credit Union Deposit Guarantee Corporation
Statement of Cash Flows
Year Ended December 31, 2009

	2009	2008
OPERATING ACTIVITIES		
Net income	$ 522,331	$ 498,380
Items not affecting cash:		
Amortization of capital assets	7,266	9,028
Loss on disposal of capital assets	2,915	-
	532,512	507,408
Changes in non-cash working capital:		
Accounts receivable	(1,431)	5,607
Interest receivable	(563)	(45,088)
Accounts payable	108,086	(417,832)
Prepaid expenses	1,069	(554)
HST payable (receivable)	843	536
	108,004	(457,331)
Cash flow from operating activities	640,516	50,077
INVESTING ACTIVITIES		
Purchase of capital assets	(6,297)	(3,355)
Proceeds on disposal of capital assets	7,078	-
Purchase of marketable securities	(1,210,851)	(81,463,074)
Redemption of marketable securities	874,625	82,430,784
Cash flow from (used by) investing activities	(335,445)	964,355
FINANCING ACTIVITY		
Assistance to credit unions	(454,669)	(681,029)
INCREASE (DECREASE) IN CASH FLOW	(149,598)	333,403
Cash (deficiency) - beginning of year	324,842	(8,561)
CASH - END OF YEAR	$ 175,244	$ 324,842

1. DESCRIPTION OF BUSINESS

The Credit Union Deposit Guarantee Corporation (the "Corporation") is established as a corporation without share capital under the provisions of Section 133 of the Credit Union Act.

2. OTHER SIGNIFICANT ACCOUNTING POLICIES

Cash

Cash consists of balances with banks.

Financial instruments

Classification

A financial instrument is a contract that establishes a financial asset for one party and a financial liability or equity instrument for the other party. CICA Handbook Section 3855 establishes a framework for the recognition and measurement of financial assets and financial liabilities. All financial instruments have been classified either based on the type of instrument or the Corporation's intention regarding the instrument, as described below:

Held for Trading

Financial assets classified as held for trading are typically acquired for resale prior to maturity or designated as held for trading.They are measured at fair value on the balance sheet. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in investment income. Cash and cash equivalents have been classified as held-for-trading.

Financial liabilities designated as held for trading are those non-derivative financial liabilities that the Corporation elects to designate on initial recognition as instruments that it will measure at fair value through other interest expense.These are accounted for in the same manner as held for trading assets.The Corporation has not designated any non-derivative financial liabilities as held for trading.

Held to Maturity

Held to maturity financial assets are non-derivative financial assets with fixed or determinable payments and a fixed maturity, other than loans and receivables, that an entity has the positive intention and ability to hold to maturity.These assets are measured at amortized cost using the effective interest method. The Corporation has classified its investments as held to maturity.

Available for Sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale, or that are not classified as loans and receivables, held for trading, or held to maturity. Except as mentioned below, available for sale financial assets are carried at fair value with unrealized gains and losses included in accumulated other comprehensive income until realized when the cumulative gain or loss is transferred to other income. Available for sale financial assets that do not have quoted market prices in an active market are recorded at cost. Interest on interest bearing available for sale financial assets is calculated using the effective interest method. No financial assets have been classified as available for sale.

(continues)

2. OTHER SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Loans and Receivables

Loans and receivables are recorded at amortized cost using the effective interest method. Amortized cost is a reasonable estimate of the fair value of these instruments.

Other Liabilities

Other liabilities, such as bank indebtedness and accounts payable and accrued liabilities, are recorded at amortized cost using the effective interest method and include all financial liabilities other than derivative instruments. Amortized cost is a reasonable estimate of the fair value of these instruments

Transaction Costs

Transaction costs are expensed as incurred.

Fair Values

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable willing parties who are under no compulsion to act. Fair values are determined by reference to quoted bid or asking prices in an active market. In the absence of an open market, the Corporation determines fair values based on internal or external valuation models such as discounted cash flow analysis or using observable market-based inputs.

Effective Interest Method

The Corporation uses the effective interest method to recognize interest income or expense, premiums or discounts earned or incurred for financial instruments.

Capital assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Motor vehicles	30%	declining balance method
Computer equipment	30%	declining balance method
Furniture and fixtures	20%	declining balance method

The company regularly reviews its capital assets to eliminate obsolete items.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Severance pay

Severance pay, which is included with accounts payable and accrued liabilities, is accrued for all employees for whom the right to such compensation is vested.

(continues)

2. OTHER SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

The Corporation recognizes assessment revenue based on a percentage of insured deposits of individual credit unions operating within the Province of Newfoundland & Labrador. Interest revenue is recognized based on the investment interest collected and accrued during the year, and bonding revenue is recognized based on a percentage of individual credit unions' assets plus a $60,000 fee that is allocated to the Newfoundland and Labrador credit unions based on a pre-determined formula.

Assistance to credit unions

Assistance to credit unions is recorded only when it can be reasonably determined by the Corporation that such a payment will be required and when the Board of Directors has assessed the reasonableness of such a charge and authorized the assistance as a commitment of the Fund. The determination of the assistance requires the exercise of judgement because the precise amount, method and timing of such assistance is dependent on future events. The amount of actual assistance paid and possible future assistance is disclosed in the financial statements.

Pension costs

Employees of the Corporation other than the Chief Executive Officer are included in the Public Service Pension Plan of the Government of Newfoundland and Labrador. Contributions to the plans are required from both the employees and the Corporation. The annual contributions for pension are recognized in the accounts on a current basis. Contributions to this plan totalled $26,234 (2008- $21,751).

The Corporation also contributed to a private registered retirement savings plan for the Chief Executive Officer based on a percentage of his annual salary. Contributions to this plan totalled $6,605 (2008- $5,923.)

Future income taxes

The liability method of tax allocation is used in accounting for income taxes. Under this method, future tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities, and measured using the substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

3. MARKETABLE SECURITIES

	2009	2008
Concentra Financial, 3.75%	**$ 5,235,851**	$ 4,800,000
Concentra Financial, 1.25%	**1,927**	101,552
Credit Union Central of Nova Scotia shares	**1,000**	1,000
Newfoundland and Labrador Credit Union share	**100**	100
Concentra shares	**10**	10
	$ 5,238,888	$ 4,902,662

4. CAPITAL ASSETS

	Cost	Accumulated amortization	**2009 Net book value**	2008 Net book value
Motor vehicles	$ -	$ -	**$ -**	$ 12,495
Computer equipment	72,391	64,580	**7,811**	9,084
Furniture and fixtures	28,203	23,404	**4,799**	1,994
	$ 100,594	$ 87,984	**$ 12,610**	$ 23,573

5. CAPITAL MANAGEMENT

The Corporation's objectives with respect to capital management are to safeguard the entity's ability to continue as a going concern so that it can continue to operate as a deposit insurance provider for the Newfoundland & Labrador credit unions, including the provision of stabilization funds as needed.

The Corporation defines its capital as the balance in the Deposit Guarantee Fund Balance; the changes in this balance for 2009 are presented in the Statement of Income and Fund Balance.

6. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Corporation's financial instruments are comprised of cash, investments, receivables and accounts payable.

Cash is reported at fair value on the balance sheet. Receivables and accounts payable are reported at amortized cost which approximates fair value due to their short term nature. Investments are reported at amortized cost using the effective interest method which approximates their fair value.

7. NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS

The Corporation is exposed to the following risks as a result of holding financial instruments: credit risk, market risk and liquidity risk. The following is a description of those risks and how the Corporation manages the exposure to them.

Credit Risk

Credit risk is the risk that a financial loss will occur due to the failure of a counterparty to discharge its contractual commitment or obligation to the Corporation. Credit risk may arise principally through its investments included in the Corporation's asset portfolio.

The Corporation manages this risk by making investments in accordance with the investment policy established by the Board of Directors which permits the Corporation to invest in high quality, liquid short-term investments. Equity investments are not permitted.

Market Risk

Market risk arises from changes in interest rates on investments in its portfolio that affect the Corporation's net interest income. The Corporation's goal is to maximize its return on these portfolios, without taking unreasonable risk and retaining a high degree of liquidity.

The Corporation manages this risk by investing in securities that are not susceptible to significant changes in rates of return to the Corporation caused by changes in market values of the investments.

Liquidity Risk

Liquidity risk is the risk of having insufficient financial resources to meet the Corporation's funding requirements.

The Corporation's liquidity policies and practices include the measurement and forecast of cash flows and maintenance of a pool of high quality liquid assets.

8. COMMITMENTS

The Corporation has entered into a lease agreement for office space which expires June 30, 2011. The amount of the annual rent payable is $30,895.

9. INCOME TAXES

The Corporation has the following non-capital losses available which can be used to reduce future years' taxable income.

Year of Expiry	Amount
2010	463,065
2014	438,667
2015	362,558
2026	350,333
2027	255,907
2028	387,654
2029	434,291
	$ 2,692,475

The undepreciated capital cost for income tax purposes of the Corporation's depreciable assets exceeds the net book value by $111,285.

The potential income tax benefits associated with these items have not been recognized in the financial statements

Credit union assessments and assistance are excluded from the calculation of taxable income.

Grant Thornton

Financial Statements

Dairy Farmers of Newfoundland and Labrador

July 31, 2009

GrantThornton

Auditors' report

Grant Thornton LLP
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St. John's, NL
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To the Board of

Dairy Farmers of Newfoundland and Labrador

We have audited the statement of financial position of Dairy Farmers of Newfoundland and Labrador as at July 31, 2009 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at July 31, 2009 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland Labrador

October 8, 2009

Chartered Accountants

Dairy Farmers of Newfoundland and Labrador

Statements of Operations and Changes in Net Assets

Year Ended July 31	Budget	2009	2008
Revenue			
Market share quota (Note 8)		$ 14,786,491	$ 19,397,763
Dairy Farmers of Newfoundland and Labrador Board levies	$ 978,000	957,776	1,020,007
New entrants levy		32,400	57,142
Government funding - special projects (Note 9)		421,338	45,805
Other income		20,627	31,424
	978,000	16,218,632	20,552,141
Direct expenditures			
Market share quota (Note 8)		14,786,491	19,397,763
Special project costs	30,000	455,788	56,140
Fluid Milk Dairy Farmers of Canada promotion levy	60,000	100,576	42,711
	90,000	15,342,855	19,496,614
	888,000	875,777	1,055,527
Operating expenditures (Page 12)	887,165	857,682	803,946
Excess of revenue over expenditures	$ 835	$ 18,095	$ 251,581
Net assets, beginning of year		$ 904,472	$ 652,891
Excess of revenue over expenditures		18,095	251,581
Payment to producers (Note 10)		(251,581)	-
Net assets, end of year		$ 670,986	$ 904,472

See accompanying notes to the financial statements.

Dairy Farmers of Newfoundland and Labrador

Statement of Financial Position

July 31	2009	2008
Assets		
Current		
Cash and cash equivalents (Note 3)	$ 462,340	$ 989,286
Receivables (Note 4)	1,149,680	2,878,256
Prepaids	11,546	17,797
	1,623,566	3,885,339
Capital assets (Note 5)	6,794	8,934
	$ 1,630,360	$ 3,894,273
Liabilities		
Current		
Payables and accruals	$ 861,500	$ 2,962,790
Deferred revenue	59,408	-
	920,908	2,962,790
Accrued severance pay	31,672	18,077
	952,580	2,980,867
Net Assets		
Net assets	670,986	904,472
Investment in capital assets (Note 7)	6,794	8,934
	677,780	913,406
	$ 1,630,360	$ 3,894,273

Commitments (Note 12)
Contingency (Note 13)

On Behalf of the Board

Robert Ward Director _______________ Director

See accompanying notes to the financial statements.

Dairy Farmers of Newfoundland and Labrador

Statement of Cash Flows

Year Ended July 31	2009	2008
Increase (decrease) in cash and cash equivalents		
Operating		
Excess of revenue over expenditures	$ 18,095	$ 251,581
Capital expenditures	-	3,302
	18,095	254,883
Change in non-cash operating working capital (Note 11)	(293,460)	35,809
	(275,365)	290,692
Financing		
Repayment of retiring allowance	-	(56,652)
Payment to producers	(251,581)	-
	(251,581)	(56,652)
Investing		
Purchase of equipment	-	(3,302)
Net (decrease) increase in cash and cash equivalents	(526,946)	230,738
Cash and cash equivalents		
Beginning of year	989,286	758,548
End of year	$ 462,340	$ 989,286

See accompanying notes to the financial statements.

1. Nature of operations

Dairy Farmers of Newfoundland and Labrador principal activities are the collection of levies to provide services to the 36 dairy farmers of Newfoundland and Labrador and the buying and re-selling of industrial milk. The Board is a not-for-profit and is exempt from paying income tax under Section 149 of the Canadian Income Tax Act. They are a Commodity Board under the Natural Products Marketing Act.

2. Summary of significant accounting policies

Fund accounting

Fund accounting is generally accepted as the basis of accounting for public sector organizations. A summary of significant accounting policies relating to fund accounting is as follows:

i) capital assets are recorded at cost;
ii) capital additions financed from revenue are recorded as direct expenditures in the statement of operations and credited to the investment in capital assets account;
iii) government grants received towards the cost of capital assets are recorded as deferred capital grants;
iv) depreciation of capital assets and amortization of deferred capital grants are recorded in the investment in capital assets account;
v) repayments of long term debt used to acquire capital assets are recorded in the statement of operations and credited to the investment in capital assets account.

Use of estimates

In preparing the Board's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenditures during the year. Actual results could differ from these estimates.

Revenue recognition

Market sharing quota revenue including industrial milk, pooling charges, transportation and promotion levy is recognized when milk is shipped out of province to dairies in New Brunswick and Nova Scotia.

Board levies are recognized on a monthly basis as earned from each of the dairy farmers.

Government funding for specific projects are recognized as the related expenses are incurred.

2. **Summary of significant accounting policies** (cont'd.)

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks. Bank borrowings are considered to be financing activities.

Capital assets

Rates and bases of depreciation applied to write-off the cost less estimated salvage value of capital assets over their estimated lives are as follows:

Furniture and equipment	20%
Computer hardware	30%

Impairment of long-lived assets

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the value of the assets may not be recoverable, as measured by comparing their net book value to the estimated undiscounted cash flows generated by their use. Impaired assets are recorded at fair value, determined principally using discounted future cash flows expected from their use and eventual disposition.

Severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. The right to receive severance pay vests with employees with five or ten years (depending on contract) of continual service, and accordingly no provision has been made in the accounts for employees with less than five years of continual service. The amount is payable when the employee ceases employment with the Board.

Financial instruments

The CICA Handbook Section 3855, "Financial Instruments - Recognition and Measurement", requires the Board to revalue all of its financial assets and liabilities, including derivatives and embedded derivatives in certain contracts, at fair value.

This standard also requires the Board to classify financial assets and liabilities according to their characteristics and management's choices and intentions related thereto for the purposes of ongoing measurements. Classification choices for financial assets include: a) held for trading - measured at fair value with changes in fair value recorded in net earnings; b) held to maturity - recorded at amortized cost with gains and losses recognized in net earnings in the period that the asset is no longer recognized or impaired; c) available-for-sale- measured at fair value with changes in fair value recognized in net earnings for the current period until realized through disposal or impairment; and d) loans and receivables - recorded at amortized cost with gains and losses recognized in net earnings in the period that the asset is no longer recognized or impaired.

2. Summary of significant accounting policies (cont'd.)

Classification choices for financial liabilities include: a) held for trading - measured at fair value with changes in fair value recorded in net earnings and b) other - measured at amortized cost with gains and losses recognized in net earnings in the period that the liability is no longer recognized. Subsequent measurement for these assets and liabilities are based on either fair value or amortized cost using the effective interest method, depending upon their classification. Any financial asset or liability can be classified as held for trading as long as its fair value is reliably determinable.

In accordance with the standard, the Boards financial assets and liabilities are generally classified and measured as follows:

Asset/Liability	Classification	Measurement
Cash and cash equivalents	Held for trading	Fair value
Receivables	Loans and receivables	Amortized cost
Payables and accruals	Other liabilities	Amortized cost

Other balance sheet accounts, such as prepaids, capital assets, and deferred revenue are not within the scope of this accounting standard as they are not financial instruments.

The fair value of a financial instrument is the estimated amount that the Board would receive or pay to terminate the instrument agreement at the reporting date. To estimate the fair value of each type of financial instrument various market value data were used as appropriate. The fair value of cash approximated its carrying value.

Section 3861, "Financial Instruments – Disclosure and Presentation" establishes standards for the presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them.

Accounting policy adopted during the year

Capital management

Effective August 1, 2008, the Board adopted CICA Handbook Section 1535 Capital Disclosures that requires the Board to disclose information about the objectives, policies and processes for the management of its capital. The impact of this new accounting standard is disclosed in Note 14.

3. Cash and cash equivalents

Cash and cash equivalents includes restricted funds of $108,751 (2008 - $76,351) relating to new entrants levies collected by the Board

4. Receivables

	2009	2008
Market sharing quota	$ 1,032,639	$ 2,704,343
Board levies	111,896	117,220
Government funding - special projects	2,306	42,278
Harmonized sales tax	2,839	14,415
	$ 1,149,680	$ 2,878,256

5. Capital assets

			2009	2008
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Furniture and equipment	$ 37,097	$ 32,780	$ 4,317	$ 5,396
Computer hardware	8,058	5,581	2,477	3,538
	$ 45,155	$ 38,361	$ 6,794	$ 8,934

6. Bank indebtedness

The Board has an approved line of credit of $600,000 with the Canadian Imperial Bank of Commerce at an interest rate of prime. As security the Board has provided a general security agreement providing a first charge on all assets. At July 31, 2009, there was a balance of $nil (2008 - $nil) outstanding on the line of credit.

7. Investment in capital assets

	2009	2008
Balance, beginning of year	$ 8,934	$ 7,898
Capital expenditures	-	3,302
Depreciation	(2,140)	(2,266)
Balance, end of year	$ 6,794	$ 8,934

8. **Market share quota**	2009	2008
Revenue		
Industrial milk	$ 12,751,358	$ 16,157,741
Canadian Dairy Commission pooling charges	1,341,416	1,772,494
Transportation	518,459	1,237,294
Dairy Farmers of Canada promotion levy	175,258	230,234
	14,786,491	19,397,763
Direct expenditures		
Industrial milk	$ 12,751,358	$ 16,157,741
Canadian Dairy Commission pooling charges	1,341,416	1,772,494
Transportation	518,459	1,237,294
Dairy Farmers of Canada promotion levy	175,258	230,234
	14,786,491	19,397,763
Excess of revenue over expenditures	$ -	$ -

9. **Government funding**	2009	2008
The Board received Government funding for the following projects:		
Tru-Grit Sand Manure Separator System	$ 147,100	
Incremental Forage Production	63,450	$ 31,560
National Water supply Expansion Program	56,088	-
Alternative Bedding	42,161	-
Newfoundland and Labrador Dairy Farmers Strategic Plan	49,314	-
World Dairy Expo	-	4,245
Water System Implementation Program	15,701	-
Training Program	1,906	-
Canadian Quality Milk Workshop	859	-
Whey Tank Insulation	44,759	
Whey Feasibility Study	-	10,000
	$ 421,338	$ 45,805

10. Payment to producers

On November 6, 2008 the Board approved a payment to producers based on the quota held by each producer at that date.

11. Supplemental cash flow information

	2009	2008
Change in non-cash operating working capital		
Receivables	$ 1,728,576	$ (365,195)
Prepaids	6,251	(14,683)
Payables and accruals	(2,101,290)	415,687
Deferred revenue	59,408	-
Accrued severance pay	13,595	-
	$ (293,460)	$ 35,809
Interest paid	$ 2,994	$ 1,506

12. Commitments

The Board has commitments for the lease of office space and equipment for the next five years as follows: 2010 - $17,594; 2011 - $17,594; 2012 - $4,188; 2013-2,469 and 2014 - $323.

Dairy Farmers of Newfoundland and Labrador has entered into an agreement with Government of Canada for a research project for research in processing of cool climate silage maise. The project will research the effects on chemical composition, voluntary intake, digestibility, rumen degradation and milk yield. The Board is committed to contributing $5,000 for the year 2009/2010.

13. Contingency

The Board has a potential liability to pay approximately $100,824 to an employee for sick leave of 510.50 days if necessary.

14. Capital management

The capital structure of the Board consists of investment in capital assets, and net assets. The primary objective of the Boards capital management is to provide adequate funding to ensure efficient delivery of it services activities to dairy farmers.

Investment in capital assets represents the amount of net assets that are not available for other purposes because they have been invested.

Net assets are funds available for future operations and are preserved so that the Board can have financial flexibility should opportunities arise in the future.

For the year end July 31, 2009, the Board has complied with all imposed capital restrictions.

15. Subsequent event

On September 18, 2009 the Board signed a contract under the Agriculture and Agrifoods Development Fund (AADF) to provide funding for a Land Development Initiative. The AADF will provide a maximum contribution of $1.5 million to the Board to administer to the province's eligible dairy farmers to complete large-scale land development projects.

Dairy Farmers of Newfoundland and Labrador

Schedule of Operating Expenditures

Year Ended July 31	**Budget**	2009	2008
Advertising	$ 40,000	$ 6,331	$ 6,800
Board annual and semi-annual meetings	30,000	19,583	34,950
Capital expenditures	5,000	-	3,302
Conference and meetings	35,000	40,065	34,764
Donations, dues and subscription	20,000	16,389	17,277
Equipment leasing	4,000	3,902	3,694
Federation of Agriculture	22,500	22,500	22,500
Honorarium	-	9,600	9,600
Insurance	3,500	2,323	3,177
Interest and bank charges	2,000	2,994	1,506
Milk testing	10,000	3,888	4,266
Miscellaneous	2,000	431	1,214
National Cost of Production Study	11,000	8,500	10,344
Office supplies and postage	13,000	6,887	5,258
Per diems	40,000	26,330	29,550
Professional fees	20,000	16,350	15,722
Research	5,000	5,000	5,000
Rent	18,000	14,625	14,625
Repairs and maintenance	1,500	1,662	1,076
School Milk Foundation	339,665	339,665	339,665
Telephone	-	6,261	5,818
Travel	45,000	46,414	42,690
Wages and benefits	220,000	257,982	191,148
	$ 887,165	$ 857,682	$ 803,946

DIRECTOR OF SUPPORT ENFORCEMENT

FINANCIAL STATEMENTS

31 MARCH 2010

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Director of Support Enforcement
Corner Brook, Newfoundland and Labrador

I have audited the balance sheet of the Director of Support Enforcement as at 31 March 2010 and the statement of receipts and disbursements for the year then ended. These financial statements have been prepared to meet the information needs of the Director of Support Enforcement and the Government of Newfoundland and Labrador under Section 9 of the *Support Orders Enforcement Act*. These financial statements are the responsibility of the Director. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Director of Support Enforcement as at 31 March 2010 and the receipts and disbursements for the year then ended in accordance with the basis of accounting described in Note 1 to the financial statements.

These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information of the Director of Support Enforcement and the Government of Newfoundland and Labrador to meet their information needs under Section 9 of the *Support Orders Enforcement Act*. The financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
11 June 2010

DIRECTOR OF SUPPORT ENFORCEMENT
BALANCE SHEET

31 March	2010	2009
ASSETS		
Cash	$ 688,731	$ 701,056
Accounts receivable (Note 2)	19,554,065	19,428,737
Other receivables (Note 3)	16,537	15,417
	$ 20,259,333	$ 20,145,210
LIABILITIES		
Accounts payable (Note 4)	$ 20,248,173	$ 20,119,637
Other payables (Note 5)	11,160	25,573
	$ 20,259,333	$ 20,145,210

See accompanying notes

Signed: ______________________
Director

DIRECTOR OF SUPPORT ENFORCEMENT
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended 31 March	2010	2009
RECEIPTS		
Regular support	$ 30,116,028	$ 28,931,271
Out-of-system support	1,164,978	953,729
	31,281,006	29,885,000
DISBURSEMENTS		
Regular support	29,694,277	28,432,747
Out-of-system support	1,164,978	953,729
Other payments	434,076	432,722
	31,293,331	29,819,198
Excess of receipts over disbursements (disbursements over receipts)	(12,325)	65,802
Cash, beginning of year	701,056	635,254
Cash, end of year	$ 688,731	$ 701,056

See accompanying notes

Authority

The Director of Support Enforcement operates under the authority of the *Support Orders Enforcement Act*. Under this *Act*, the Director is responsible for enforcing court ordered support payments and for acting on behalf of the Attorney General in matters arising pursuant to the *Reciprocal Enforcement of Support Orders Act*.

1. Basis of accounting

These financial statements have been prepared by the Director in accordance with the significant accounting policies set out below to meet the information needs of the Director of Support Enforcement and the Government of Newfoundland and Labrador under Section 9 of the *Support Orders Enforcement Act*. The basis of accounting used in these financial statements materially differs from Canadian generally accepted accounting principles because all receipts and disbursements are being recognized on a cash basis and not all expenditures related to the operations of the Director are reflected in these statements.

Significant accounting policies

These financial statements are prepared on the cash basis of accounting. Outlined below are the significant accounting policies followed.

(a) Administrative expenditures

The Director of Support Enforcement, for administrative purposes, operates as a division of the Department of Justice. Therefore, expenditures related to salaries, accommodations and administration are absorbed by the Department of Justice and no provision has been made in these financial statements for the cost of these items.

(b) Assets and liabilities

Assets are comprised of amounts received or receivable from debtors while liabilities represent the corresponding amount due to creditors.

(c) Receipts and disbursements

Receipts are recorded when amounts are received from debtors and disbursements are recorded when amounts are paid to creditors. Amounts paid directly to creditors by debtors are recorded as out-of-system support while amounts received by the Director of Support Enforcement are recorded as regular support. Amounts refunded to debtors or remitted to the Province are recorded as other payments.

2. Accounts receivable

Accounts receivable is comprised of amounts owing from debtors on registered support orders. The receivables are classified as follows:

	2010	2009
Unenforceable support orders		
Debtor out of Province – reciprocal enforcement support orders	$ 8,333,355	$ 8,688,938
Debtor in receipt of social assistance	1,985,439	1,805,702
Stay of enforcement in place	1,863,154	2,047,136
	12,181,948	12,541,776
Enforceable support orders	7,372,117	6,886,961
	$ 19,554,065	$ 19,428,737

3. Other receivables

Other receivables $16,537 (2009 - $15,417) represent payments made to creditors when the corresponding debtor cheque was not negotiable or the payment was made in error.

4. Accounts payable

Accounts payable is comprised of amounts owing to creditors in accordance with registered support orders. The payables are classified as follows:

	2010	2009
Unenforceable support orders		
Debtor out of Province – reciprocal enforcement support orders	$ 8,333,355	$ 8,688,938
Debtor in receipt of social assistance	1,985,439	1,805,702
Stay of enforcement in place	1,863,154	2,047,136
	12,181,948	12,541,776
Enforceable support orders	8,066,225	7,577,861
	$ 20,248,173	$ 20,119,637

5. Other payables

Other payables of $11,160 (2009 - $25,573) represent funds which have not been assigned to any debtor account. These amounts may eventually be paid to the Newfoundland Exchequer Account.

6. Related party transactions

The Director of Support Enforcement operates as a division of the Department of Justice. Expenses of approximately $894,547 (2009 - $870,250) related to salaries, accommodations and administration are paid directly by the Department and no provision is made in these financial statements to reflect these expenditures.

During the year the Director paid approximately $2.4 million (2009 - $2.4 million) to the Department of Human Resources, Labour and Employment related to support payments collected on behalf of individuals receiving social assistance.

7. Financial instruments

The Director's financial instruments recognized on the balance sheet consist of cash, accounts receivable, other receivables, accounts payable and other payables. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them.

8. Income taxes

The Director of Support Enforcement operates as a division of the Department of Justice and as such is not subject to Provincial or Federal income taxes.

Deloitte

Financial Statements of

DISCOVERY HEALTH CARE FOUNDATION INC.

March 31, 2010

Deloitte & Touche LLP
10 Factory Lane
Fort William Building
St. John's NL A1C 6H5
Canada

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Auditors' Report

To the Board of Directors of
Discovery Health Care Foundation Inc.

We have audited the statement of financial position of Discovery Health Care Foundation Inc. (the "Foundation") as at March 31, 2010 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Foundation derives certain of its revenue from the general public in the form of donations and other fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditures, assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
May 28, 2010

DISCOVERY HEALTH CARE FOUNDATION INC.

Statement of Operations and Changes in Net Assets

Year ended March 31, 2010

	2010	2009
	$	$
Revenue		
Fundraising programs		
Donations	**243,051**	269,191
50/50 lotto	**5,312**	4,828
	248,363	274,019
Interest	**3,112**	10,637
	251,475	284,656
Expenditures		
Salaries and benefits	**99,590**	94,337
Donations (Note 5)	**60,714**	10,564
Fundraising programs	**10,175**	20,042
Travel, conferences and meetings	**3,336**	4,717
Administration	**2,737**	3,231
Amortization	**1,829**	-
Miscellaneous	**719**	644
	179,100	133,535
Excess of revenue over expenditures before undernoted item	**72,375**	151,121
Increase in severance pay accrual	**3,130**	2,122
Excess of revenue over expenditures	**69,245**	148,999
Net assets, beginning of year	**188,428**	39,429
Net assets, end of year	**257,673**	188,428

DISCOVERY HEALTH CARE FOUNDATION INC.

Statement of Financial Position

March 31, 2010

	2010	2009
	$	$
Assets		
Current assets		
Cash	318,674	147,919
Guaranteed investment certificates	-	169,252
Accounts receivable	2,729	1,784
Capital assets (Note 4)	7,318	-
	328,721	318,955
Liabilities		
Current liabilities		
Due to Eastern Regional Health Authority	45,690	102,068
Accounts payable and accrued liabilities	3,523	9,754
	49,213	111,822
Accrued severance pay	21,835	18,705
	71,048	130,527
Net assets		
Net assets	257,673	188,428
	328,721	318,955

Approved on behalf of the Board:

Maurice Lewis Director

Director

DISCOVERY HEALTH CARE FOUNDATION INC.

Statement of Cash Flows

Year ended March 31, 2010

	2010	2009
	$	$
Operating activities		
Excess of revenue over expenditures	69,245	148,999
Adjustments for:		
Amortization	1,829	-
Accrued severance pay	3,130	2,122
	74,204	151,121
Changes in non-cash operating working capital		
Accounts receivable	(945)	(1,784)
Due to Eastern Regional Health Authority	(56,378)	(100,213)
Accounts payable and accrued liabilities	(6,231)	416
	10,650	49,540
Investing activities		
Purchase of capital assets	(9,147)	-
Change in guaranteed investment certificates	169,252	(667)
	160,105	(667)
Net change in cash	170,755	48,873
Cash, beginning of year	147,919	99,046
Cash, end of year	318,674	147,919

1. NATURE OF OPERATIONS

Discovery Health Care Foundation Inc. (the "Foundation") is a not-for-profit organization which raises funds for the Eastern Regional Health Authority and is incorporated under the Corporations Act of Newfoundland and Labrador.

As a not-for-profit organization, the Foundation is exempt from tax.

2. CHANGE IN ACCOUNTING POLICIES

Effective April 1, 2009, the Foundation adopted the following new Canadian Institute of Chartered Accountants' ("CICA") accounting standards:

Not-for-profit organizations

Section 1540 "Cash flow statement", Section 4400 "Financial statement presentation by not-for-profit organizations", Section 4430 "Capital assets held by not-for-profit organizations", Section 4460 "Disclosure of related party transactions by not-for-profit organizations" and Section 4470 "Disclosure of allocated expenses by not-for-profit organizations". The application of these standards did not have an impact on the financial statements of the Foundation.

3. SIGNIFICANT ACCOUNTING POLICIES

The Foundation has elected to use the exemption provided by the CICA permitting not-for-profit organizations not to apply Sections 3862 and 3863 of the CICA Handbook which would otherwise have applied to the financial statements of the Foundation for the year ended March 31, 2010. The Foundation applies the requirements of Section 3861 of the CICA Handbook.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations and reflect the following significant accounting policies:

Cash

Cash includes cash on hand and balances with banks.

Capital assets

Capital assets are recorded at cost and amortized on a straight-line basis over five years to write off the cost of capital assets over their useful lives.

Impairment of long-lived assets

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accrued severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels for employees who have a vested right to receive such a payment. No provision for the ultimate severance pay liability is recorded for any employee who does not have a vested right to the payment. The amount is payable when the employee ceases employment with the Foundation.

Revenue recognition

Revenue from fundraising is recognized in the accounts of the Foundation in the year in which it is received. Other revenues are recognized as earned.

Pension costs

Employees of the Foundation are members of the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government of Newfoundland and Labrador. Contributions to the plans are required from both the employees and the Foundation. The annual contributions for pensions are recognized as an expenditure in the accounts on a current basis and amounted to $5,814 for the year ended March 31, 2010 (2009 - $5,335).

Financial instruments

Financial assets and liabilities are generally classified and measured as follows:

Asset/Liability	Classification	Measurement
Cash	Held for trading	Fair value
Guaranteed investment certificates	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Due to Eastern Regional Health Authority	Other liabilities	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost

Other balance sheet accounts do not meet the criteria to be considered financial instruments.

The Foundation has determined that it does not have derivatives or embedded derivatives.

Use of accounting estimates

In preparing the Foundation's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as at the date of the financial statements, and reported amounts of revenues and expenditures during the year. Actual results could differ from those estimates.

4. CAPITAL ASSETS

	2010			2009	
	Cost	Accumulated Amortization	Net Book Value	Cost	Net Book Value
	$	$	$	$	$
Computer software	10,551	4,932	5,619	3,527	-
Computer equipment	2,779	1,080	1,699	655	-
	13,330	6,012	7,318	4,182	-

5. DONATIONS

	2010	2009
	$	$
Furniture - Clarenville	34,192	-
Monument sign and flowers - Clarenville	9,220	-
Christmas decorations - Clarenville	5,736	-
Fish tank and supplies - Clarenville	5,502	-
Paintings and framing - Clarenville	3,902	-
Decorations and pictures - Clarenville	1,408	-
Other - Clarenville	754	-
Bonavista - shelter and BBQ	-	6,486
Sunshine Manor - chair	-	1,325
Sunshine Manor - pictures	-	1,299
Chair - OBS	-	1,236
DVD player - OBS	-	218
	60,714	10,564

6. RELATED PARTY TRANSACTIONS

The Foundation operates for the purpose of accumulating funds to assist Eastern Regional Health Authority with the purchase of medical equipment used in the provision of patient care. Transactions between these related parties are measured at their exchange value.

7. CAPITAL MANAGEMENT

The capital structure of the Foundation consists of net assets. The Foundation's objective when managing capital is to ensure it maintains adequate capital to support its continued operations.

The Foundation is not subject to externally imposed capital requirements.

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk factors

The Foundation has exposure to credit risk and liquidity risk. The Foundation's Board of Directors has overall responsibility for the oversight of these risks and reviews the Foundation's policies on an ongoing basis to ensure that these risks are appropriately managed. The sources of risk exposure and how each is managed are outlined below.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligation. The Foundation's credit risk is primarily attributable to accounts receivable. Management believes that the credit risk with respect to accounts receivable is not material.

Liquidity risk

Liquidity risk is the risk that the Foundation will not be able to meet its financial obligations as they become due. As at March 31, 2010 the Foundation had cash of $318,674.

To the extent that the Foundation does not believe that it has sufficient liquidity to meet current obligations, consideration will be given to obtaining additional funds through third party financing or other fundraising methods, assuming these can be obtained.

Fair value

The fair value of the Foundation's short-term financial instruments approximate the carrying value due to the short-term maturity and normal credit terms of those instruments.

Deloitte.

Financial Statements of

DR. H. BLISS MURPHY CANCER CARE FOUNDATION

March 31, 2010

Deloitte.

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Auditors' Report

To the Directors of
Dr. H. Bliss Murphy Cancer Care Foundation

We have audited the statement of financial position of Dr. H. Bliss Murphy Cancer Care Foundation (the "Foundation") as at March 31, 2010 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Foundation derives certain of its revenue from the general public in the form of donations and other fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amount recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to revenue, excess of (expenditures over revenue) revenue over expenditures, assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
June 4, 2010

DR. H. BLISS MURPHY CANCER CARE FOUNDATION

Statement of Operations

Year Ended March 31, 2010

	2010 $	2009 $ As restated (Note 2)
Revenue		
Annual fund	**942,465**	798,945
Priority campaign	**236,775**	1,109,719
Memorial program	**76,954**	62,420
Patient and Family Endowment Fund - contributions	**65,110**	51,337
Investment income	**36,519**	50,442
Unrealized gain (loss) on investments	**30,948**	(2,027)
Dr. Kim Hong Endowment Fund - contributions	**17,580**	31,053
Gifts in kind	**3,248**	22,559
Sundry	**363**	-
	1,409,962	2,124,448
Expenditures		
Salaries and benefits	**319,309**	231,752
Fundraising costs	**142,291**	121,519
Travel	**13,974**	6,511
Communications and public relations	**13,790**	33,996
Professional services	**12,750**	36,732
Stationery and office supplies	**11,679**	16,289
Repairs and maintenance	**11,184**	8,259
Bank charges	**6,344**	5,546
Meetings and conferences	**5,888**	6,387
Insurance	**2,050**	-
Minor equipment and furniture purchases	**1,706**	4,505
Membership fees	**1,252**	600
Books and journals	**371**	207
Telephone	**204**	4,605
	542,792	476,908
Excess of revenue over expenditures before undernoted items	**867,170**	1,647,540
Disbursements		
Capital fund - Eastern Regional Health Authority	**910,756**	384,830
Patient support programs and research	**232,654**	209,738
Minor equipment and other	**54,052**	46,536
Regional Cancer Centres	**19,671**	779
Scholarships, bursaries and grants	**3,500**	15,751
Other		
Capital fund accrual (Note 12)	**1,075,000**	-
Swim for Hope payouts	**45,224**	64,460
	2,340,857	722,094
Excess of (expenditures over revenue) revenue over expenditures	**(1,473,687)**	925,446

DR. H. BLISS MURPHY CANCER CARE FOUNDATION

Statement of Changes in Net Assets

Year Ended March 31, 2010

	2010						2009
	Dr. Kim Hong Endowment Fund	Patient and Family Endowment Fund	Restricted Net Assets	Unrestricted Net Assets	Invested in Capital Assets	Total	Total
	$	$	$	$	$	$	$ As restated (Note 2)
Balance, beginning of year, as previously stated	191,708	737,774	1,533,087	(255,496)	13,803	2,220,876	1,369,057
Correction of prior period	-	-	-	-	-	-	(73,627)
Excess of (expenditures over revenue) revenue over expenditures	18,937	101,375	(62,032)	(1,531,967)	-	(1,473,687)	925,446
Balance, end of year	210,645	839,149	1,471,055	(1,787,463)	13,803	747,189	2,220,876

DR. H. BLISS MURPHY CANCER CARE FOUNDATION

Statement of Financial Position

March 31, 2010

	2010	2009
	$	$ As restated (Note 2)
Assets		
Current assets		
Cash	**450,176**	374,001
Temporary investments (Note 5)	**708,234**	1,286,789
Accounts receivable	**13,245**	79,045
Prepaid expenses	**15,920**	-
	1,187,575	1,739,835
Dr. Kim Hong Endowment Fund (Note 7)	**210,645**	191,708
Patient and Family Support Endowment Fund (Note 8)	**839,149**	737,774
Donated art work	**13,803**	13,803
	2,251,172	2,683,120
Liabilities		
Current liabilities		
Payables and accruals	**59,254**	57,978
Due to Eastern Regional Health Authority	**1,395,229**	366,430
Deferred revenue	**23,599**	23,599
Accrued vacation payable	**13,459**	14,237
	1,491,541	462,244
Accrued severance pay	**12,442**	-
	1,503,983	462,244
Net Assets		
Restricted net assets (Note 6)	**1,471,055**	1,533,087
Unrestricted net assets	**(1,787,463)**	(255,496)
Dr. Kim Hong Endowment Fund (Note 7)	**210,645**	191,708
Patient and Family Support Endowment Fund (Note 8)	**839,149**	737,774
Invested in capital assets	**13,803**	13,803
	747,189	2,220,876
	2,251,172	2,683,120

Commitments (Note 12)

Approved on behalf of the Directors

________________ Director   Richard J. Law Director

DR. H. BLISS MURPHY CANCER CARE FOUNDATION
Statement of Cash Flows
Year ended March 31, 2010

	2010	2009
	$	$
Operating activities		
Excess of (expenditures over revenue) revenue over expenditures	(1,473,687)	925,446
Adjustments for:		
Increase (decrease) in accrued severance pay	12,442	(18,462)
Decrease in paid leave accrual	-	(12,164)
(Decrease) increase in accrued vacation payable	(778)	13,645
Donated artwork	-	(8,025)
Change in non-cash operating working capital (Note 9)	1,079,955	91,015
	(382,068)	991,455
Investing activities		
Decrease (increase) in temporary investments	578,555	(682,668)
Increase in Dr. Kim Hong Endowment Fund	(18,937)	(29,286)
Increase in Patient and Family Support Endowment Fund	(101,375)	(262,758)
	458,243	(974,712)
Net increase in cash	76,175	16,743
Cash, beginning of year	374,001	357,258
Cash, end of year	450,176	374,001

1. NATURE OF OPERATIONS

The Dr. H. Bliss Murphy Cancer Care Foundation (the "Foundation") was incorporated under the laws of the Province of Newfoundland and Labrador on October 12, 2004. The Foundation develops, stewards and distributes charitable resources to enhance treatment and supportive care programs for cancer patients; funds local cancer research initiatives and provides continuing education opportunities for staff of the Foundation and affiliated regional cancer programs in Newfoundland and Labrador.

As a registered charity, the Foundation is exempt from income taxes and may issue charitable donation receipts.

2. RESTATEMENT OF PRIOR PERIOD

The financial statements for the year ended March 31, 2009 have been restated to adjust for an over-accrual of accumulated interest on investments in the amount of $113,929. As a result, accounts receivable has decreased by $81,163, Dr. Kim Endowment Fund has decreased by $16,781, Patient and Family Support Endowment Fund has decreased by $15,985, gain on investment has decreased by $40,302, and opening net assets has decreased by $73,627.

3. CHANGE IN ACCOUNTING POLICIES

Effective April 1, 2009, the Foundation adopted the amendments issued by the Canadian Institute of Chartered Accountants ("CICA") for section 1540 "Cash flow statement", section 4400 "Financial statement presentation by not-for-profit organizations", section 4430 "Capital assets held by not-for-profit organizations", section 4460 "Disclosure of related party transactions by not-for-profit organizations", and Section 4470 "Disclosure of allocated expenses by not-for-profit organizations". The application of these standards did not have an impact on the financial statements of the Foundation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Foundation has elected to use the exemption provided by the CICA permitting not-for-profit organizations not to apply Sections 3862 and 3863 of the CICA Handbook which would otherwise have applied to the financial statements of the Foundation for the year ended March 31, 2010. The Foundation applies the requirements of Section 3861 of the CICA Handbook.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations, the more significant of which are as follows:

Fund accounting

The Unrestricted net assets reports unrestricted resources and operating expenses.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund accounting (continued)

The Restricted net assets presented in these financial statements report resources on which stipulations are imposed as to how the funds must be used. Externally restricted net assets are utilized pursuant to direction from the contributors of the funds. The Endowment Fund principal is externally restricted and disbursement of interest revenue earned is governed by the Board.

Revenue recognition

The Foundation follows the restricted fund method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions externally restricted for purposes other than endowment are recognized as revenue of the appropriate restricted fund. Endowment contributions and interest are recognized as revenue of the endowment fund in the year.

In-kind contributions are recorded at fair value when determinable.

Cash

Cash includes cash on hand and balances with banks.

Temporary investments

Temporary investments are recorded at fair value with changes in fair value recorded in the statement of operations as unrealized gains (losses) in investments.

Capital assets

Donated artwork is recorded at estimated fair market value at the date of acquisition and is not amortized.

Accrued severance pay

Severance pay is accounted for on the accrual basis and is calculated based upon years of service and current salary levels for employees who have a vested right to receive such a payment. No provision for severance pay is recorded for any employee who does not have a vested right to the payment. Severance is payable when the employee ceases employment with the Foundation.

Pension costs

Employees of the Foundation are members of the Public Service Pension Plan and the Government of Newfoundland and Labrador Money Purchase Plan. Contributions to the plans are required from both the employees and the Foundation. The annual contributions for pensions are recognized in the accounts on a current basis and amounted to $17,795 for the year ended March 31, 2010 (2009 - $13,527).

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

The Foundation's financial assets and liabilities are generally classified and measured as follows:

Asset/Liability	Classification	Measurement
Cash	Held for trading	Fair value
Temporary investments	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Endowment funds	Held for trading	Fair value
Payables and accruals	Other liabilities	Amortized cost
Due to Eastern Regional Health Authority	Other liabilities	Amortized cost

Other balance sheet accounts do not meet the criteria to be considered financial instruments.

The Foundation has determined that it does not have derivatives or embedded derivatives.

Use of estimates

In preparing the Foundation's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenditures during the year. Actual results could differ from these estimates.

5. TEMPORARY INVESTMENTS

	2010		2009	
	Market Value	**Cost**	Market Value	Cost
	$	**$**	$	$
Corporate bonds	**488,805**	**530,228**	840,534	878,679
Income trust	**8,918**	**22,113**	8,729	22,113
Provincial bonds	**210,511**	**199,896**	437,526	427,792
	708,234	**752,237**	1,286,789	1,328,584

Market yields on the corporate bonds range from 3.87% to 7.00%; maturity dates range from October 19, 2012 to June 15, 2014.

Market yield on the income trust is 6.75% with no stated maturity date.

5. TEMPORARY INVESTMENTS (Continued)

Market yields on the provincial bonds range from 3.24% to 3.78%; maturity dates range from August 23, 2012 to January 13, 2015.

6. RESTRICTED NET ASSETS

The balance included in restricted net assets is comprised of the following restricted funds:

	2010 $	2009 $
Priority Campaign for Cancer Care	**912,647**	1,273,198
Power of Life Special Fund	**319,137**	187,680
Research Funds	**161,428**	90,871
Cancer Centre Western Region Campaign	**26,219**	22,038
Cancer Centre - East/West Fund	**25,934**	3,940
Patient and Family Support Fund	**24,019**	(56,096)
Patient and Resource Library Fund	**9,189**	9,189
Harry Lake Memorial Fund	**944**	944
Kids with Cancer Travel Fund	**(8,462)**	1,323
	1,471,055	1,533,087

7. DR. KIM HONG ENDOWMENT FUND

These investments represent the funds donated to the Dr. Kim Hong Endowment Fund together with accrued interest. Canada Revenue Agency regulations require that 3.5% of the endowment principal be disbursed annually.

	2010		2009	
	Market Value	**Cost**	Market Value	Cost
	$	**$**	$	$
Corporate bonds	**117,804**	**121,167**	77,528	81,399
Provincial bonds	**82,239**	**75,086**	87,061	81,598
Income trust	**6,458**	**16,013**	6,321	16,013
Certificates of deposit	**-**	**-**	3,122	3,103
	206,501	**212,266**	174,032	182,113
Cash held	**-**	**-**	205	205
	206,501	**212,266**	174,237	182,318
Due from operating	**4,144**	**4,144**	17,471	17,471
	210,645	**216,410**	191,708	199,789

Market yields on corporate bonds range from 3.87% to 9.00%; maturity dates range from March 28, 2011 to June 15, 2014.

Market yields on provincial bonds range from 3.37% to 3.78%, maturity dates range from September 5, 2010 to September 5, 2013.

Market yield on the income trust is 6.75%, with no stated maturity date.

8. PATIENT AND FAMILY SUPPORT ENDOWMENT FUND

These investments represent the funds donated to the Patient and Family Support Endowment Fund together with accrued interest. Canada Revenue Agency regulations require that 3.5% of the endowment principal will disbursed annually.

	2010		2009	
	Market Value	Cost	Market Value	Cost
	$	$	$	$
Corporate bonds	**492,747**	**474,144**	395,330	394,824
Provincial bonds	**360,093**	**329,519**	361,248	339,046
Certificate of deposit	**-**	**-**	72,586	71,670
	852,840	**803,663**	829,164	805,540
Cash held	**-**	**-**	-	-
	852,840	**803,663**	829,164	805,540
Due to operating	**(13,691)**	**(13,691)**	(91,390)	(91,390)
	839,149	**789,972**	737,774	714,150

Market yields on corporate bonds range from 3.16% to 5.33%; maturity dates range from April 13, 2011 to October 23, 2015.

Market yields on provincial bonds range from 3.28% to 3.78%; maturity dates range from September 5, 2010 to September 5, 2013.

9. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash operating working capital:

	2010	2009
	$	$
Accounts receivable	**65,800**	(27,157)
Prepaid expenses	**(15,920)**	2,769
Due to Eastern Regional Health Authority	**1,028,799**	106,005
Payables and accruals	**1,276**	9,398
	1,079,955	91,015

10. CAPITAL MANAGEMENT

The capital structure of the Foundation consists of net assets. The Foundation's objective when managing capital is to ensure it maintains adequate capital to support its continued operations.

The Foundation is not subject to externally imposed capital requirements, other than those disclosed in Notes 7 and 8.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk factors

The Foundation has exposure to credit risk, liquidity risk and market risk. The Foundation's Board of Directors has overall responsibility for the oversight of these risks and reviews the Foundation's policies on an ongoing basis to ensure that these risks are appropriately managed. The source of risk exposure and how each is managed is outlined below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligation. The Foundation's cash, temporary investments and Endowment Funds are distributed among bank accounts, corporate and provincial bonds and income trusts. The Foundation does not expect any liquidity issues or credit losses on these instruments. Management believes that the credit risk with respect to accounts receivable is not material.

Liquidity risk

Liquidity risk is the risk that the Foundation will not be able to meet its financial obligations as they become due. As at March 31, 2010 the Foundation had cash of $450,176.

To the extent that the Foundation does not believe it has sufficient liquidity to meet current obligations consideration will be given to obtaining additional funds through third party funding or other fundraising activities, assuming these could be obtained.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and price risk will affect the Foundation's excess of revenue over expenditures or the value of its financial instruments. The Foundation is not subject to foreign exchange or price risk.

i) Interest rate risk

The Foundation's investments bear interest at fixed rates. Consequently, the cash flow exposure to interest rate risk is not significant.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Fair value

The fair value of accounts receivable, payables and accruals and Due to Eastern Regional Health Authority approximates their carrying values due to their short-term maturity.

The fair value of temporary investments and the endowment funds are based their quoted market values.

12. CAPITAL FUND

During the year, the Foundation committed to disburse a total of $1,800,000 to Eastern Regional Health Authority over the next five years. As at March 31, 2010, $725,000 of the obligation has been paid to Eastern Regional Health Authority with the non-interest bearing balance of $1,075,000 included in the balance due to Eastern Regional Health Authority.

Deloitte.

Combined Financial Statements of

EASTERN REGIONAL HEALTH AUTHORITY – OPERATING FUND

March 31, 2010

Deloitte.

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Auditors' Report

To the Board of Trustees of
Eastern Regional Health Authority

We have audited the combined statement of financial position of the Eastern Regional Health Authority – Operating Fund as at March 31, 2010 and the combined statements of operations, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
June 11, 2010

EASTERN REGIONAL HEALTH AUTHORITY - OPERATING FUND

Combined Statement of Operations

Year Ended March 31, 2010

(in thousands of dollars)

	2010	2009
	$	$
Revenue		
Provincial plan	1,084,568	961,294
MCP	55,020	51,998
Inpatient	13,303	9,358
Resident	17,452	16,132
Outpatient	8,519	7,876
Other	40,053	35,659
	1,218,915	1,082,317
Expenditures		
Patient and resident services	332,144	292,638
Client services	243,520	208,033
Diagnostic and therapeutic	149,639	139,305
Support	142,771	133,491
Ambulatory care	113,667	98,019
Administration	106,106	96,361
Medical services	77,149	73,107
Other	23,472	12,902
Research and education	17,366	14,923
Interest on long-term debt	9,866	10,005
	1,215,700	1,078,784
Surplus before non-shareable items	3,215	3,533
Adjustments for non-shareable items:		
Amortization of deferred capital contributions	17,101	14,886
Amortization of capital assets	(24,881)	(24,961)
Interest on sinking fund	538	493
Accrued vacation	(6,469)	(3,790)
Accrued severance	(10,569)	(6,804)
Deficiency of revenue over expenditures	(21,065)	(16,643)

EASTERN REGIONAL HEALTH AUTHORITY - OPERATING FUND

Combined Statement of Changes in Fund Balances

Year Ended March 31, 2010

(in thousands of dollars)

	2010			2009
	Net Investment in Capital Assets	**Operating Fund**	**Total**	Total
	$	$	$	$
Balance, beginning of year	54,354	(211,849)	(157,495)	(140,852)
Deficiency of revenue over expenditures	-	(21,065)	(21,065)	(16,643)
Repayment of long-term debt	2,468	(2,468)	-	-
Increase in sinking fund	1,286	(1,286)	-	-
Amortization of deferred capital contributions	17,101	(17,101)	-	-
Amortization of capital assets	(24,881)	24,881	-	-
Balance, end of year	50,328	(228,888)	(178,560)	(157,495)

EASTERN REGIONAL HEALTH AUTHORITY - OPERATING FUND
Combined Statement of Financial Position
Year Ended March 31, 2010
(in thousands of dollars)

	2010	2009
	$	$
Assets		
Current assets		
Cash	-	16,503
Accounts receivable (Note 5)	97,228	78,303
Supplies inventory	12,954	7,836
Prepaid expenses	5,645	3,720
	~~115,827~~	~~106,362~~
Deferred charges	84	188
Capital assets (Note 6)	309,985	295,316
General Hospital Hostel Association loan (Note 7)	1,617	1,736
Trust funds	3,820	2,417
	431,333	406,019
Liabilities		
Current liabilities		
Bank indebtedness (Note 8)	1,047	-
Accounts payable and accrued liabilities	111,461	108,127
Accrued vacation pay	43,883	37,413
Current portion of long-term debt (Note 9)	2,370	2,462
Current portion of accrued severance pay	6,004	6,019
Deferred revenue - Operating fund	26,603	38,151
Deferred capital grant	50,353	33,944
	241,721	226,116
Long-term debt (Note 9)	134,078	137,740
Accrued severance pay	107,065	96,481
Deferred capital contributions (Note 10)	123,209	100,760
Trust funds	3,820	2,417
	609,893	563,514
Contingencies (Note 12)		
Commitments (Note 13)		
Net deficiency		
Operating fund	(228,888)	(211,849)
Net investment in capital assets	50,328	54,354
	(178,560)	(157,495)
	431,333	406,019

Approved by the Board

Director
Chair

Vickie Kaminski Director
President & CEO

EASTERN REGIONAL HEALTH AUTHORITY - OPERATING FUND

Combined Statement of Cash Flows

Year Ended March 31, 2010

(in thousands of dollars)

	2010 $	2009 $
Operating activities		
Deficiency of revenue over expenditures	(21,065)	(16,643)
Adjustments for:		
Amortization of capital assets	24,881	24,961
Amortization of deferred capital contributions	(17,101)	(14,886)
Increase in severance pay accrual	10,569	6,804
Amortization of deferred charges	104	103
Changes in non-cash operating working capital (Note 11)	(11,303)	15,472
	(13,915)	15,811
Investing activities		
Construction and purchase of capital assets	(39,550)	(26,547)
Repayment of advance to General Hospital Hostel Association	119	116
	(39,431)	(26,431)
Financing activities		
Capital asset contributions	39,550	25,356
Repayment of long-term debt	(2,468)	(2,261)
Sinking fund payments	(1,286)	(1,241)
Proceeds from long-term debt	-	1,191
Repayment of obligations under capital leases	-	(524)
	35,796	22,521
Net (decrease) increase in cash resources	(17,550)	11,901
Cash, beginning of year	16,503	4,602
(Bank indebtedness) cash, end of year	(1,047)	16,503

Supplementary disclosure of cash flow information:		
Interest paid	10,613	10,005

EASTERN REGIONAL HEALTH AUTHORITY – OPERATING FUND

Notes to the Combined Financial Statements

March 31, 2010

(tabular amounts expressed in thousands of dollars)

1. NATURE OF OPERATIONS

The Eastern Regional Health Authority ("Eastern Health" or "the Authority") is responsible for the governance of health services in the Eastern Region of Newfoundland and Labrador.

The mandate of Eastern Health spans the full health continuum including primary and secondary level health and community services for the Eastern Region (Avalon, Bonavista and Burin Peninsulas, west to Port Blandford) as well as tertiary and other provincial programs/services for the entire Province. The Authority also has a mandate to work to improve the overall health of the population through its focus on public health as well as on health promotion and prevention initiatives. Services are both community and institutional based. In addition to the provision of comprehensive health care services, Eastern Health also provides education and research in partnership with all stakeholders.

Eastern Health is a registered charity and, while registered, is exempt from income taxes.

2. CHANGE IN ACCOUNTING POLICIES

Effective April 1, 2009, the Authority adopted the following new Canadian Institute of Chartered Accountants' ("CICA") accounting standard:

Not-for-profit organizations

The Authority adopted the amendments issued by the CICA for Section 1540 "Cash flow statement", Section 4400 "Financial statement presentation by not-for-profit organizations", Section 4430 "Capital assets held by not-for-profit organizations", Section 4460 "Disclosure of related party transactions by not-for-profit organizations" and Section 4470 "Disclosure of allocated expenses by not-for-profit organizations". The application of these standards did not have an impact on the financial statements of the Authority.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Authority has elected to use the exemption provided by the CICA permitting not-for-profit organizations not to apply Sections 3862 and 3863 of the CICA Handbook which would otherwise have applied to the financial statements of the Authority for the year ended March 31, 2010. The Authority applies the requirements of Section 3861 of the CICA Handbook.

The financial statements of the Authority have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations. The more significant accounting policies of the Authority are as follows:

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of presentation

These financial statements include the assets, liabilities, revenues, and expenditures of the operating fund and the Residents', Clients' and Patients' Trusts.

The Authority maintains trust funds for residents, clients, and patients. These funds are the property of the individual residents, clients and patients.

As per Note 4, there are a number of other entities that, while controlled by Eastern Regional Health Authority, are not consolidated as permitted under CICA Handbook Section 4450 "Reporting controlled and related entities for not-for-profit organizations". Summary financial information for entities that are not consolidated is provided in Note 4.

Fund accounting

The Authority applies fund accounting principles in recording its financial transactions in the Operating fund or Net investment in capital assets.

The Operating fund contains all the operating assets, liabilities, revenue and expenditures of the Authority related to the provision of health care services. The assets of the Operating fund are available for the satisfaction of debts, contingent liabilities and commitments of the Authority.

The Net investment in capital assets represents assets purchased for the use of the Operating fund.

Revenue recognition

Provincial plan revenues are recognized in the period in which entitlement arises. MCP, inpatient, outpatient and residential revenues are recognized in the period services are provided. Revenue received for a future period is deferred until that future period and is recorded as deferred revenue. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

The Authority is funded by the Department of Health and Community Services (the "Department") for the total of its operating costs, after deduction of specified revenue and expenditures, to the extent of the approved budget. The final amount to be received by the Authority for the 2010 fiscal year will not be determined until the Department has completed its review of the Authority's financial statements. Adjustments resulting from the Department's review and final position statements will be considered by the Authority and reflected in the year of assessment.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of any overdrafts.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

Inventory is valued at average cost, determined on a first-in first-out basis.

Capital assets

Capital assets are recorded at cost, although title to certain of these assets is held by the Government of Newfoundland and Labrador (the "Government" or the "Province"). Contributed capital assets are recorded at their estimated fair value at the date of contribution. Minor equipment purchases are charged to operations in the year of acquisition.

Amortization is calculated on a straight-line and declining balance bases at the rates set out below. It is expected that these rates will charge operations with the total cost of the assets less estimated salvage value over the useful life of the assets.

Buildings and improvements	2% - 5%
Equipment	6.5% - 20%
Equipment under capital leases	14.3% - 25%
Land improvements	10% - 20%
Leasehold improvements	10% - 20%

Gains and losses on disposal of individual assets are recognized in income in the year of disposal.

Construction in progress is not amortized until the project is substantially complete at which time the project costs are transferred to the appropriate asset class and amortized accordingly.

Impairment of long-lived assets

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. The amount of any impairment loss is determined as the excess of the carrying value of the asset over its fair value.

Capital and operating leases

A lease that transfers substantially all of the benefits and risks associated with ownership of property is accounted for as a capital lease. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the asset's fair value. Assets acquired under capital leases are amortized on the same basis as other similar capital assets. All other leases are accounted for as operating leases and the payments are expensed as incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital contributions

Capital contributions are recorded as deferred capital contributions and amortized to income on the same basis and using the same rates as the amortization related to the capital assets purchased. Capital contributions for capital assets that are not amortized are recorded as direct increases in net assets.

Accrued vacation pay

Vacation pay is accrued for all employees as entitlement is earned.

Accrued severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. The right to be paid severance pay vests with employees with nine years of continual service with the Eastern Health or another public sector employer, and accordingly no provision has been made for employees who have less than nine years of continual service. Severance is payable when the employee ceases employment with the Eastern Health.

Pension costs

Employees of the Authority are members of the Public Service Pension Plan and the Government Money Purchase Plan (the "Plans") administered by the Government. Contributions to the Plans are required from both the employees and the Authority. The annual contributions for pensions are recognized as an expense in the accounts on a current basis and amounted to $36,355,178 for the year ended March 31, 2010 (2009 - $32,299,441).

Sinking funds

Sinking funds established for the retirement of debentures are held and administered in trust by the Government of Newfoundland and Labrador.

Deferred charges

Costs incurred relating to an energy performance contract are being amortized over the 9.75 year life of the contract.

Contributed services

A substantial number of volunteers contribute a significant amount of their time each year to assist Eastern Health in carrying out its service delivery activities. Because of the difficulty in determining fair value, contributed services are not recognized in these financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets and liabilities are classified according to their characteristics and management's choices and intentions related thereto for the purposes of ongoing measurements. The fair value of a financial instrument is the estimated amount that would be received or would be paid to terminate the instruments agreement at the reporting date. Various market value data and other valuation techniques are used as appropriate to estimate the fair value of each type of financial instrument.

Financial assets and liabilities are generally classified and measured as follows:

Asset/Liability	Classification	Measurement
Cash	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Bank indebtedness	Other liabilities	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Long-term debt	Other liabilities	Amortized cost

Other balance sheet accounts do not meet the criteria to be considered financial instruments.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenditures during the year. Actual results could differ from these estimates.

4. CONTROL OF NOT-FOR-PROFIT ENTITIES

The Authority controls the Health Care Foundation of St. John's Inc., Janeway Children's Hospital Foundation, Ever Green Environmental Corporation, Trinity-Conception-Placentia Health Foundation Inc., Burin Peninsula Health Care Foundation Inc., Discovery Health Foundation Inc. and the Dr. H. Bliss Murphy Cancer Care Foundation. These Foundations raise funds for the capital equipment needs of the Authority. The Foundations are incorporated under the Corporations Act of Newfoundland and Labrador and are registered charities under the Income Tax Act.

The Authority also controls the General Hospital Hostel Association, Northwest Rotary-Janeway Hostel Corporation, Lions Manor Inc., TCRHB Housing Complex Inc., Blue Crest Cottages and Golden Heights Manor Cottages. These entities were established to provide accommodations for family members of patients and housing to senior citizens.

4. CONTROL OF NOT-FOR-PROFIT ENTITIES (Continued)

Eastern Health has memoranda of understanding/governance agreements with the following nursing home owner/operators ("homes") in the region:

- Masonic Park – Nursing Home
- Saint Luke's Homes (A Division of Anglican Home Inc.)
- St. Patrick's Mercy Home
- The Agnes Pratt Home
- The Salvation Army Glenbrook Lodge
- The Pentecostal Assemblies Benevolent Association of Newfoundland and Labrador – Clarke's Beach Seniors Citizen's Home

Eastern Health is responsible for policy direction, distribution of operating funds and capital grants, and providing certain services to homes, which are individually controlled entities. Ultimate ownership of assets and liabilities rests with the individual homes or the respective governing bodies.

4. CONTROL OF NOT-FOR-PROFIT ENTITIES (Continued)

The above not-for-profit entities have not been consolidated in the Authority's financial statements, however separate financial statements are available on request. Financial summaries of these non-consolidated entities as at March 31, 2010 and 2009 and for the years then ended are as follows (in thousands of dollars):

	Foundations		Hostels and Cottages		Nursing Homes	
	2010	2009	2010	2009	2010	2009
	$	$	$	$	$	$
Financial position						
Total assets	13,869	13,908	11,175	11,968	24,796	24,436
Total liabilities	3,253	4,231	11,546	12,172	40,281	39,715
Total net assets	10,616	9,677	(371)	(204)	(15,485)	(15,279)
	13,869	13,908	11,175	11,968	24,796	24,436
Results of Operations						
Total revenues	14,022	9,883	2,086	2,191	59,280	54,955
Total expenditures	12,224	8,120	2,371	2,237	59,455	55,685
Excess (deficiency) of revenues over expenditures	1,798	1,763	(285)	(46)	(175)	(730)
Cash Flows						
Cash from operations	887	2,003	557	440	1,050	408
Cash used in financing and investing activities	(1,322)	(1,333)	(527)	(506)	(906)	(865)
Increase (decrease) in cash	(435)	670	30	(66)	144	(457)

5. ACCOUNTS RECEIVABLE

	2010	2009
	$	$
Government of Newfoundland and Labrador	60,199	42,840
Services to patients, residents and clients	14,597	14,304
Other	22,432	21,159
	97,228	78,303

6. CAPITAL ASSETS

		2010		2009
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	$	$	$	$
Land and land improvements	2,810	473	2,337	2,355
Buildings and improvements	336,965	127,694	209,271	215,743
Equipment	374,127	303,513	70,614	60,035
Equipment under capital leases	15,445	14,618	827	582
Construction in progress	26,936	-	26,936	16,601
	756,283	446,298	309,985	295,316

7. GENERAL HOSPITAL HOSTEL ASSOCIATION LOAN

The loan is repayable to the Authority in monthly instalments of principal and interest of $12,647 at an interest rate of prime minus 1.75%. The loan matures April 2023. The loan is net of the current portion of $115,943.

8. BANK INDEBTEDNESS

The Authority has access to lines of credit totaling $64,000,000 in the form of revolving demand loans and/or bank overdrafts at its financial institution, of which $64,000,000 was unused as at March 31, 2010 (2009 - $64,000,000). The Authority to borrow has been approved by the Province's Minister of Health and Community Services.

9. LONG-TERM DEBT

	2010	2009
	$	$
Sinking Fund Debenture, Series HCCI, 6.9%, to mature June 15, 2040, interest payable semi-annually on June 15 and December 15	**130,000**	130,000
Royal Bank of Canada (Central Kitchen), 6.06% loan maturing May 2014, payable in monthly instalments of principal and interest of $101,670, unsecured	**4,485**	5,403
Newfoundland and Labrador Housing Corporation 4.12% mortgage, maturing December 2020, repayable in blended monthly instalments of $19,403, secured by land and building with a net book value of $2,361,916	**2,022**	2,169
Royal Bank of Canada (Veterans Pavilion), 4.18% loan maturing April 2013, payable in monthly instalments of principal and interest of $55,670, unsecured	**1,928**	2,503
Canadian Imperial Bank of Commerce loan, bearing interest at prime lending rate less 0.625 basis points, maturing 2016, repayable in monthly instalments of $21,200 plus interest, unsecured	**1,630**	1,884
Newfoundland and Labrador Housing Corporation 10% mortgage, maturing December 2028, repayable in blended monthly instalments of $8,955, secured by land and building with a net book value of $972,904	**924**	940
Bank of Montreal 4.96% term loan, unsecured, amortized to December 2014, repayable in blended monthly instalments of principal and interest of $7,070	**296**	364
Newfoundland and Labrador Housing Corporation 3.71% mortgage, amortized to July 1, 2020, repayable in blended monthly instalments of principal and interest of $1,086, secured by the property with a net book value of $2,312,663	**112**	121
Bank of Montreal, 3.82% loan maturing June, 2010, payable in monthly instalments of principal and interest of $23,699	**71**	347

9. LONG-TERM DEBT (Continued)

	2010 $	2009 $
CMHC mortgages on land and buildings with a net book value of $5,757,275 -		
8%, on Blue Crest Home; repayable in blended monthly instalments of principal and interest of $7,777, maturing November 2025	840	866
10.5% on Golden Heights Manor, repayable in blended monthly instalments of principal and interest of $7,549, maturing August 2027	734	749
2.65% on Golden Heights Manor, repayable in blended monthly instalments of principal and interest of $20,482, maturing June 2023	2,740	2,904
	145,782	148,250
Less: Current portion	2,370	2,462
	143,412	145,788
Less: Sinking Funds available	9,334	8,048
	134,078	137,740

A sinking fund, established for the retirement of the debenture is held in trust by the Government. The annual principal payment to the sinking fund is $747,500. The interest and mandatory debenture sinking fund payments are guaranteed by the Government.

Annual principal repayments to maturity are as follows:

	$
2011	2,370
2012	2,406
2013	2,569
2014	1,946
2015	729
Thereafter	135,762

10. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized portion of restricted contributions, related to capital assets, which will be reported in revenue in future accounting periods. Deferred capital contributions are amortized on a basis and at a rate consistent with the amortization for the related capital asset purchased.

10. DEFERRED CAPITAL CONTRIBUTIONS (Continued)

The changes in deferred capital contributions balance for the year are as follows:

	2010	2009
	$	$
Balance, beginning of the year	**100,760**	90,290
Grants received	**39,550**	25,356
Amortization	**(17,101)**	(14,886)
Balance, end of the year	**123,209**	100,760

11. CHANGES IN NON-CASH OPERATING WORKING CAPITAL

	2010	2009
	$	$
Accounts receivable	**(18,925)**	(32,153)
Supplies inventory	**(5,118)**	(423)
Prepaid expenses	**(1,925)**	460
Accounts payable and accrued liabilities	**3,334**	14,091
Accrued vacation pay	**6,470**	3,790
Deferred revenue	**(11,548)**	10,694
Deferred capital grant	**16,409**	19,013
	(11,303)	15,472

12. CONTINGENCIES

Guarantees

The Authority has guaranteed a first mortgage and a term loan of the General Hospital Hostel Association ("the Association"). The balances outstanding at March 31, 2010 were $1,214,094 (2009 - $1,321,199) and $765,145 (2009 - $815,134), respectively.

In the opinion of management, the Authority will not be called upon to honour these guarantees.

12. CONTINGENCIES (Continued)

Legal claims

A number of claims have been filed against the Authority. An estimate of loss, if any, relative to these matters, is not determinable at this time and no provision has been recorded in the accounts for these matters. In the view of management, the Authority's insurance program adequately addresses the risk of loss in these matters.

13. COMMITMENTS

Operating Leases

Under the terms of long-term operating leases related to hospital and office equipment, the Authority is committed to make approximate annual lease payments to March 31, 2015 as follows:

	$
2011	9,574
2012	7,283
2013	5,821
2014	4,660
2015	4,182
	31,520

Energy Performance Contract

The Authority entered into an Energy Performance contract on August 11, 1998 for the design, implementation and monitoring of energy efficiency improvements. The cost of the contract was $5,605,094. Lump sum amounts aggregating $1,008,555 have been paid and recorded as deferred charges with the remaining balance of $4,596,439 being financed by the vendor. The deferred charge amount is being amortized at $103,442 annually for 9.75 years while the payments to the vendor are $56,833 per month over a period of 9.75 years.

As at March 31, 2010 the outstanding balance of the financing through the vendor was $813,099. The Authority's obligation for payment is limited to actual cost savings as the vendor has guaranteed the reduction in operating costs would equal or exceed the costs incurred under the contract.

Funding for the contract is from operating savings and has been approved in this manner by the Province. The monthly payments and the amortization of the deferred charges relating to lump sum amounts under the contract are reported as an expense in the Authority's operating statement.

14. RELATED PARTY TRANSACTIONS

Contributions to the Authority during the year are as follows:

	2010 $	2009 $
Dr. H. Bliss Murphy Cancer Care Foundation	2,091	620
Health Care Foundation of St. John's Inc.	1,326	861
General Hospital Hostel Association	562	570
Janeway Children's Hospital Foundation	463	1,007
Hoyles Foundation	192	-
Discovery Health Care Foundation	59	11
Burin Peninsula Health Care Foundation	47	35
Trinity-Conception-Placentia Health Foundation	13	194
Blue Crest Cottages	11	13
Golden Heights Manor Cottages	22	24
Lions Manor Inc.	12	3
Janeway Auxiliary	-	30
Carbonear Ladies Auxiliary	-	15
TCRHB Housing Complex Inc.	3	1
	4,801	3,384

14. RELATED PARTY TRANSACTIONS (Continued)

At year end, the amounts receivable from (payable to) related parties are as follows:

	2010 $	2009 $
Northwest Rotary - Janeway Hostel Corporation	1,343	1,226
Burin Peninsula Health Care Foundation	56	95
Dr. H. Bliss Murphy Cancer Care Foundation	1,895	396
Health Care Foundation of St. John's Inc.	221	673
Janeway Children's Hospital Foundation	441	854
Golden Heights Manor Cottages	226	248
Ever Green Environmental Corporation	536	494
Blue Crest Cottages	190	163
General Hospital Hostel Association	87	(105)
Discovery Health Care Foundation	43	103
Trinity-Conception-Placentia Health Foundation	18	216
Lions Manor Inc.	23	8
	5,079	4,371

At year end, the amounts due to nursing homes are as follows:

	2010 $	2009 $
St. Patrick's Mercy Home	978	1,295
The Agnes Pratt Home	658	130
The Pentecostal Assemblies Benevolent Association of Newfoundland and Labrador - Clarke's Beach Senior Citizen's Home	617	638
Saint Luke's Homes	499	279
The Salvation Army Glenbrook Lodge	238	714
Masonic Park - Nursing Home	181	69
	3,171	3,125

14. RELATED PARTY TRANSACTIONS (Continued)

Other

Various volunteer and auxiliary associations/organizations solicit donations, operate gift shops and hostels and undertake fundraising activities to provide operating and capital donations to further the objectives of the Authority.

Transactions between these related parties are measured at their exchange value.

15. CAPITAL MANAGEMENT

The capital structure of the Authority consists of fund balances. The Authority's objective when managing capital is to ensure it maintains adequate capital to support its continued operations.

The Authority is not subject to externally imposed capital requirements.

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk factors

The Authority has exposure to credit risk and liquidity risk. The Authority's.Board of Directors has overall responsibility for the oversight of these risks and reviews the Authority's policies on an ongoing basis to ensure that these risks are appropriately managed. The source of risk exposure and how each is managed is outlined below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligation. The Authority's credit risk is primarily attributable to receivables. Management believes that the credit risk with respect to accounts receivable is not significant.

Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they become due. As at March 31, 2010 the Authority was in a bank indebtedness position of $1,047,000, however, the Authority has an authorized credit facility totaling $64,000,000. To the extent that the Authority does not believe it has sufficient liquidity to meet current obligations, consideration will be given to obtaining additional funds through third party funding or the Province, assuming these could be obtained.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and price risk will affect the Authority's operations or the value of its financial instruments. The Authority is not subject to foreign exchange or price risk.

i. Interest risk

Long-term debt principally bears fixed interest rates and, consequently, the Authority's cash flow exposure is not significant.

Fair value

The fair value of the Authority's short-term financial instruments approximate the carrying value due to the short-term maturity and normal credit terms of those instruments.

The carrying value of long-term debt is considered to approximate fair value.

Deloitte.

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Auditors' Report on Supplementary Schedules

To the Board of Trustees of
Eastern Regional Health Authority

The audited combined financial statements of the Eastern Regional Health Authority and our report thereon are presented in the preceding section of this report. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in the schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Deloitte & Touche LLP

Chartered Accountants
June 11, 2010

Schedule 1

EASTERN REGIONAL HEALTH AUTHORITY - OPERATING FUND

Combined Schedule of Expenditures for Government Reporting

Year Ended March 31, 2010

(in thousands of dollars)

	2010	2009
	$	$
Patient and resident services		
Acute care	184,505	159,768
Long-term care	130,908	116,161
Other patient and resident services	16,731	16,709
	332,144	292,638
Client services		
Community support programs	130,279	110,624
Family support programs	81,213	69,136
Health promotion and protection	16,669	14,285
Mental health and addictions	10,896	9,939
Community youth corrections	4,463	4,049
	243,520	208,033
Diagnostic and therapeutic		
Other diagnostic and therapeutic	67,838	62,831
Clinical laboratory	41,855	38,935
Diagnostic imaging	39,946	37,539
	149,639	139,305
Support		
Facilities management	51,090	50,597
Food services	28,265	27,440
Other support	27,651	21,151
Housekeeping	26,850	26,064
Laundry and linen	8,915	8,239
	142,771	133,491
Ambulatory care		
Outpatient clinics	69,858	60,355
Emergency	26,151	21,579
Dialysis	13,159	11,643
Other ambulatory	4,499	4,442
	113,667	98,019

Schedule 1 (continued)

EASTERN REGIONAL HEALTH AUTHORITY - OPERATING FUND

Combined Schedule of Expenditures for Government Reporting

Year Ended March 31, 2009

(in thousands of dollars)

	2010	2009
	$	$
Administration		
Other administrative	33,132	32,198
Materials management	17,636	16,273
Systems support	13,421	14,171
Human resources	13,136	12,119
Executive offices	12,915	12,983
Finance and budgeting	9,442	8,617
Emergency preparedness	6,424	-
	106,106	96,361
Medical services		
Physician services	61,796	58,689
Interns and residents	15,353	14,418
	77,149	73,107
Other		
Undistributed	23,472	12,902
Research and education		
Education	14,448	12,509
Research	2,918	2,414
	17,366	14,923
Interest on long-term debt		
Interest on long-term debt	9,866	10,005
Total shareable expenditures	1,215,700	1,078,784

Schedule 2

EASTERN REGIONAL HEALTH AUTHORITY - OPERATING FUND

Combined Schedule of Revenue and Expenditures for Government Reporting

Year Ended March 31, 2010
(in thousands of dollars)

	2010	2009
	$	$
Revenue		
Provincial plan	1,084,568	961,294
MCP	55,020	51,998
Inpatient	13,303	9,358
Resident	17,452	16,132
Outpatient	8,519	7,876
Other	40,053	35,659
	1,218,915	1,082,317
Expenditures		
Compensation		
Salaries	632,298	563,038
Employee benefits	103,508	93,648
	735,806	656,686
Supplies		
Other	230,207	194,883
Medical and surgical	52,046	48,746
Drugs	37,577	36,287
Plant operations and maintance	17,112	18,897
	336,942	298,813
Direct client costs		
Community support	89,734	77,328
Family support	43,201	35,843
Mental health and additions	110	60
Community youth corrections	41	49
	133,086	113,280

EASTERN REGIONAL HEALTH AUTHORITY - OPERATING FUND

Combined Schedule of Revenue and Expenditures for Government Reporting

Year Ended March 31, 2010

(in thousands of dollars)

	2010	2009
	$	$
Lease and long-term debt		
Long-term debt - interest	9,866	9,997
Long-term debt - principal	3,215	3,009
Lease - interest	-	8
Lease - principal	-	524
	13,081	13,538
	1,218,915	1,082,317
Surplus for government reporting	-	-
Lease - principal	-	524
Long-term debt - principal	3,215	3,009
Surplus before non-shareable items	3,215	3,533
Adjustments for non-shareable items:		
Amortization of deferred capital contributions	17,101	14,886
Amortization of capital assets	(24,881)	(24,961)
Interest on sinking fund	538	493
Accrued vacation	(6,469)	(3,790)
Accrued severance	(10,569)	(6,804)
	(24,280)	(20,176)
Deficiency of revenue over expenditures	(21,065)	(16,643)

Schedule 3

EASTERN REGIONAL HEALTH AUTHORITY - OPERATING FUND

Combined Schedule of Capital Transactions Funding and Expenditure for Government Reporting

Year Ended March 31, 2010

(in thousands of dollars)

	2010 $	2009 $
Revenue		
Provincial plan	49,464	36,803
Deferred grants previous year	33,944	14,837
Foundations and auxiliaries	3,747	2,275
Infoway	-	1,840
Transfer from operations	4,531	222
Transfer to other regions	(2,655)	-
Proceeds from long-term debt	-	1,191
Other	872	3,323
Deferred grant current year	(50,353)	(33,944)
	39,550	26,547
Expenditures		
Equipment	19,678	16,723
Construction in progress	19,872	2,870
Buildings	-	6,672
Vehicles	-	282
	39,550	26,547
Surplus on capital transactions	-	-

Schedule 4

EASTERN REGIONAL HEALTH AUTHORITY - OPERATING FUND

Combined Schedule of Accumulated Operating Deficit for Government Reporting

Year Ended March 31, 2010
(in thousands of dollars)

	2010	2009
Assets	$	$
Current assets		
Cash and temporary investments	-	16,503
Accounts receivable	**97,228**	78,303
Supplies inventory	**12,954**	7,836
Prepaid expenses	**5,645**	3,720
	115,827	106,362
Deferred charges	**84**	188
General Hospital Hostel Association loan	**1,617**	1,736
	117,528	108,286
Liabilities		
Current liabilties		
Bank indebtedness	**1,047**	-
Accounts payable and accrued liabilities	**111,461**	108,127
Deferred revenue - Operating fund	**26,603**	38,151
Deferred capital grant	**50,353**	33,944
	189,464	180,222
Accumulated deficit for government reporting	**(71,936)**	(71,936)

Deloitte.

Financial Statements of

EASTERN REGIONAL HEALTH AUTHORITY – COTTAGES AND HOSTELS

March 31, 2010

Deloitte.

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Auditors' Report

To the Board of Trustees of
Eastern Regional Health Authority

We have audited the statement of financial position of Eastern Regional Health Authority – Cottages and Hostels as at March 31, 2010 and the statements of operations, changes in fund balances and cash flows and supplementary schedules for the year then ended. These financial statements have been prepared to comply with the mortgage agreements with Newfoundland and Labrador Housing Corporation. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Combined Funds of Eastern Regional Health Authority – Hostels and Cottages as at March 31, 2010 and the results of its operations and its cash flows for year then ended in accordance with the basis of accounting disclosed in Note 3 to the financial statements.

These financial statements, which have not been and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information and use of the Board of Trustees of Eastern Regional Health Authority and Newfoundland and Labrador Housing Corporation to comply with the mortgage agreements with Newfoundland and Labrador Housing Corporation. The financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.

Deloitte & Touche LLP

Chartered Accountants
June 11, 2010

EASTERN REGIONAL HEALTH AUTHORITY - COTTAGES AND HOSTELS

Statement of Operations

Year Ended March 31, 2010

	2010	2009
	$	$
Revenue		
Rentals	**1,731,668**	1,838,210
Rental assistance subsidy	**201,126**	203,834
Amortization of deferred capital contributions	**90,000**	90,000
Special funding	**22,270**	-
Laundry charge	**18,113**	20,309
Domestic electricity charge	**12,009**	11,940
Interest	**5,701**	29,014
Other	**5,555**	5,349
	2,086,442	2,198,656
Expenditures		
Amortization	**617,123**	596,077
Salaries and benefits	**389,227**	384,010
Interest on long-term debt	**282,827**	307,971
Utilities	**243,948**	280,939
Housekeeping services	**225,227**	225,227
Maintenance	**216,641**	179,518
Laundry and linen	**156,719**	162,303
Minor equipment	**95,954**	-
Municipal taxes	**55,181**	38,365
Administration	**26,076**	26,403
Other supplies	**23,440**	25,889
Snow clearing	**19,242**	24,199
Insurance	**9,615**	9,615
Security	**5,898**	5,949
Computer services	**2,454**	2,454
Professional fees	**2,226**	1,730
	2,371,798	2,270,649
Deficiency of revenue over expenditures before undernoted items	**(285,356)**	(71,993)
Transfer from subsidy surplus fund	**2,020**	31,565
Transfer from replacement reserve fund	**109,569**	1,567
Deficiency of revenue over expenditures	**(173,767)**	(38,861)

EASTERN REGIONAL HEALTH AUTHORITY - COTTAGES AND HOSTELS

Statement of Changes in Fund Balances

Year Ended March 31, 2010

	2010			2009
	Unrestricted net assets	Investment in capital assets	Total	Total
	$		$	$
Balance, beginning of year	(1,006,195)	808,711	(197,484)	(158,623)
Deficiency of revenue over expenditures	(173,767)	-	(173,767)	(38,861)
Balance, end of year	(1,179,962)	808,711	(371,251)	(197,484)

EASTERN REGIONAL HEALTH AUTHORITY - COTTAGES AND HOSTELS

Statement of Financial Position

Year Ended March 31, 2010

	2010	2009
	$	$
Assets		
Current assets		
Cash and cash equivalents	844,498	814,947
Accounts receivable	20,189	34,242
Due from Eastern Regional Health Authority	-	105,420
Due from Newfoundland & Labrador Housing Corporation	11,391	808
Prepaid expenses	27,516	34,833
	903,594	990,250
Capital assets (Note 4)	9,443,864	10,046,545
Replacement reserve fund (Note 5)	827,105	936,674
Subsidy surplus fund	-	2,020
	11,174,563	11,975,489
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	100,014	118,948
Due to Eastern Regional Health Authority	1,869,560	1,787,253
Due to Newfoundland & Labrador Housing Corporation (Note 6)	32,679	13,262
Current portion of severance pay	22,060	-
Current portion of long-term debt (Note 7)	548,937	525,730
	2,573,250	2,445,193
Long-term debt (Note 7)	6,946,777	7,497,107
Deferred capital contributions	1,139,442	1,215,000
Accrued severance pay	59,240	76,979
Replacement reserve fund (Note 5)	827,105	936,674
Subsidy surplus fund	-	2,020
	11,545,814	12,172,973
Net assets (deficiency)		
Unrestricted	(1,179,962)	1,006,195)
Investment in capital assets	808,711	808,711
	(371,251)	(197,484)
	11,174,563	11,975,489

Approved by the Board

M J O'Keefe Director Vickie Kaminski Director

Chair President & CEO

EASTERN REGIONAL HEALTH AUTHORITY - COTTAGES AND HOSTELS

Statement of Cash Flows

Year Ended March 31, 2010

	2010 $	2009 $
Operating activities		
Deficiency of revenue over expenditures	(173,767)	(38,861)
Adjustments for:		
Amortization of capital assets	617,123	596,077
Amortization of deferred capital contributions	(90,000)	(90,000)
Increase in severance pay accrual	4,321	7,361
Changes in non-cash operating working capital (Note 9)	198,997	(34,389)
	556,674	440,188
Investing activity		
Purchase of capital assets	(14,442)	-
Financing activities		
Repayment of long-term debt	(527,123)	(506,076)
Capital asset contributions	14,442	-
	(512,681)	(506,076)
Net increase (decrease) in cash resources	29,551	(65,888)
Cash and cash equivalents, beginning of year	814,947	880,835
Cash and cash equivalents, end of year	844,498	814,947
Supplementary disclosure of cash flow information:		
Interest paid	282,827	307,971

1. NATURE OF OPERATIONS

The cottage and hostel operation of Eastern Regional Health Authority ("Cottages and Hostels") consists of the following.

Cottages
- Lions Manor Inc.
- TCRHB Housing Complex Inc.
- Golden Heights Manor Cottages
- Blue Crest Cottages

Hostels
- General Hospital Hostel Association – Agnes Cowan Hostel
- Northwest Rotary – Janeway Hostel Corporation

Cottages

Lions Manor Inc.

Lions Manor Inc. was established to provide housing accommodations to senior citizens in Placentia and the surrounding area.

TCRHB Housing Complex Inc.

TCRHB Housing Complex Inc. was established to provide housing accommodations for senior citizens in Old Perlican and the surrounding area.

Golden Heights Manor Cottages

Golden Heights Manor Cottages was established to provide housing accommodations for senior citizens in Bonavista and the surrounding area.

Blue Crest Cottages

Blue Crest Cottages was established to provide housing accommodations for senior citizens in Grand Bank and the surrounding area.

Each of the above noted cottages is exempt from federal and provincial income tax in accordance with the Income Tax Act.

Hostels

The General Hospital Hostel Association was established to provide affordable, on-site accommodations to outpatients undergoing treatment and family members of inpatients in St. John's and the surrounding area. On June 28, 2002 the Hostel assumed responsibility for the services of the Northwest Rotary - Janeway Hostel Corporation.

1. NATURE OF OPERATIONS (Continued)

Hostels (continued)

The Hostels are incorporated under the Corporations Act of Newfoundland and are registered charities under the Income Tax Act.

2. CHANGE IN ACCOUNTING POLICIES

Effective April 1, 2009, the Cottages and Hostels adopted the following new Canadian Institute of Chartered Accountants' ("CICA") accounting standard:

Not-for-profit organizations

The Cottages and Hostels adopted the amendments issued by the CICA for Section 1540 "Cash flow statement", Section 4400 "Financial statement presentation by not-for-profit organizations", Section 4430 "Capital assets held by not-for-profit organizations", Section 4460 "Disclosure of related party transactions by not-for-profit organizations" and Section 4470 "Disclosure of allocated expenses by not-for-profit organizations". The application of these standards did not have an impact on the financial statements of the Cottages and Hostels.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Cottages and Hostels have elected to use the exemption provided by the CICA permitting not for profit organizations not to apply Sections 3862 and 3863 of the CICA Handbook which would otherwise have applied to the financial statements of the Cottages and Hostels for the year ended March 31, 2010. The Cottages and Hostels apply the requirements of Section 3861 of the CICA Handbook.

Basis of accounting

The financial statements have been prepared in accordance with significant accounting policies set out below to comply with the mortgage agreements with Newfoundland and Labrador Housing Corporation ("NLHC"). The basis of accounting used in these financial statements materially differs from Canadian generally accepted accounting principles for not-for-profit organizations because amortization is not provided on the buildings over the estimated useful life of the assets, but rather at a rate equal to the annual principal reduction of the related mortgage.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks.

COMBINED FUNDS OF EASTERN REGIONAL HEALTH AUTHORITY - COTTAGES AND HOSTELS
Notes to Combined Financial Statements
March 31, 2010

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital assets

Capital assets are recorded at cost. Amortization on the buildings is recorded in an amount equal to the reduction in the related mortgage principal in the fiscal year. Amortization is recorded on equipment on a declining balance basis using a rate of 20%.

Impairment of assets

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. The amount of any impairment loss is determined as the excess of the carrying value of the asset over its fair value.

Capital contributions

Capital contributions are recorded as deferred capital contributions and amortized to income on the same basis as the related capital assets are amortized. Capital contributions on non-depreciable capital assets are recorded as direct increases in net assets.

Revenue recognition

Revenues are recognized as earned if the amount to be received can be reasonably estimated and when collection is reasonably assured.

Accrued severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels for employees who have a vested right to receive such a payment. No provision for severance pay is recorded for any employees who have less than nine years of service. Severance is payable when the employee ceases employment with the Cottages and Hostels.

Pension costs

Employees of the Cottages and Hostels are members of the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government of Newfoundland and Labrador (the "Government"). Contributions to the plans are required from both the employees and the Cottages and Hostels. The annual contributions for pensions are recognized in the accounts on a current basis and amounted to $18,489 for the year ended March 31, 2010 (2009 - $17,705).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets and liabilities are classified according to their characteristics and management's choices and intentions related thereto for the purposes of ongoing measurements. The fair value of a financial instrument is the estimated amount that would be received or would be paid to terminate the instruments agreement at the reporting date. Various market value data and other valuation techniques are used as appropriate to estimate the fair value of each type of financial instrument.

Financial assets and liabilities are generally classified and measured as follows:

Asset/Liability	Classification	Measurement
Cash and cash equivalents	Held for trading	Fair value
Accounts receivable, due from Eastern Regional Health Authority, due from NLHC	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities, due to Eastern Regional Health Authority, due to NLHC	Other liabilities	Amortized cost
Long-term debt	Other liabilities	Amortized cost

Other balance sheet accounts, such as prepaids, capital assets, and deferred capital contributions do not meet the criteria to be considered financial instruments.

Use of estimates

In preparing the Cottages and Hostels' financial statements in conformity with Canadian generally accepted accounting principles management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

4. CAPITAL ASSETS

	2010			2009
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	$	$	$	$
Land	262,365	-	262,365	262,365
Land improvements	131,300	54,903	76,397	82,467
Buildings and renovations	14,543,254	5,666,084	8,877,170	9,480,075
Furniture and equipment	719,266	505,776	213,490	221,638
Capital projects	14,442	-	14,442	-
	15,670,627	6,226,763	9,443,864	10,046,545

5. REPLACEMENT RESERVE FUND

These funds have been set aside to fund the balance of reserves required under agreements with NLHC as described in Note 8. The use of these funds is restricted to the purchase of items approved by NLHC.

	2010	2009
	$	$
Balance, beginning of year	936,674	938,241
Allocation from earnings	14,850	14,850
Interest income	1,147	6,533
Approved expenditures for the year	(125,566)	(22,950)
Balance, end of year	827,105	936,674

6. DUE (TO) FROM NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

	2010	2009
	$	$
Balance, beginning of year	(13,262)	(38,143)
Net subsidy for the year	83,998	64,973
Payments received	(180,677)	(143,036)
Repayments	77,262	102,944
Balance, end of year	(32,679)	(13,262)

7. LONG-TERM DEBT

	2010	2009
	$	$
General Hospital Hostel Association		
Royal Bank of Canada 5.02% first mortgage on land, building and equipment, with a net book value of $2,177,917, maturing May 24, 2011, amortized to May 24, 2021, payable in blended monthly principal and interest instalments of $7,447.	**765,247**	815,134
NLHC 4.31% first mortgage on land, building and equipment, with a net book value of $2,177,917, maturing March 1, 2012, amortized to 2019, payable in blended monthly principal and interest instalments of $13,455.	**1,214,094**	1,321,199
Eastern Regional Health Authority, prime minus 1.75% loan, secured by land and building with a net book value of $3,054,350, maturing April 1, 2023, amortized to April 1, 2023, payable in blended monthly principal and interest instalments of $12,647.	**1,735,562**	1,851,505
Northwest Rotary - Janeway Hostel Corporation		
NLHC 3.16% first mortgage on land and building, with a net book value of $766,164, with an assignment of rents and leases, maturing June 1, 2013, amortized to April 1, 2018, payable in blended monthly instalments of principal and interest of $7,743.	**662,459**	733,361
Lion's Manor Inc.		
NLHC 4.31% first mortgage on land and building, with a net book value of $1,297,779, maturing April 2012, amortized to December 2026, repayable in blended monthly instalments of principal and interest of $7,011.	**865,897**	911,971
NLHC 4.31% first mortgage on land and building, with a net book value of $1,297,779, maturing April 2012, amortized to December 2026, repayable in blended monthly instalments of principal and interest of $3,517.	**504,199**	524,389
TCRHB Housing Complex Inc.		
NLHC 4.31% first mortgage on land and building, with a net book value of $362,119, maturing April 2012, amortized to December 2027, repayable in blended monthly instalments of principal and interest $2,428.	**362,118**	375,479

7. LONG-TERM DEBT (Continued)

	2010 $	2009 $
Golden Heights Manor Cottages		
NLHC 2.61% first mortgage on land and building with a net book value of $473,276, chattel mortgage on equipment and an assignment of rents, maturing September 1, 2014, amortized to July 1, 2019, repayable in blended monthly instalments of principal and interest of $5,497.	546,233	594,541
Blue Crest Cottages		
NLHC 4.16% first mortgage on land and building, with a net book value of $739,352, maturing December 1, 2011, amortized to December 1, 2021, repayable in blended monthly instalments of principal and interest of $4,218.	470,560	501,079
NLHC 4.59% first mortgage on land and building with a net book value of $739,352, maturing on August 1, 2011 amortized to May 1, 2021, repayable in blended monthly instalments of principal and interest of $3,521.	369,345	394,179
	7,495,714	8,022,837
Less: Current portion	548,937	525,730
	6,946,777	7,497,107

Annual principal repayments of long-term debt are as follows:

	$
2011	548,937
2012	568,720
2013	589,278
2014	610,644
2015	631,363
Thereafter	4,546,772

8. AGREEMENT WITH NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

Effective June 2, 1997, Newfoundland and Labrador Housing Corporation ("NLHC") assumed responsibility for agreements previously administered by Canada Mortgage and Housing Corporation ("CMHC").

8. AGREEMENT WITH NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION (Continued)

With respect to the NLHC mortgages disclosed in Note 7, Cottages and Hostels' has entered into an agreement for mortgage interest subsidization with NLHC. Under the agreement, Cottages and Hostels' is also required to fund $14,850 per year for capital replacement, with the funds including accrued interest, to be deposited in either Government of Canada Bonds or a separate savings account.

9. CHANGES TO NON-CASH OPERATING WORKING CAPITAL

	2010 **$**	2009 $
Change in non-cash operating working capital		
Accounts receivable	**14,053**	12,469
Due to Eastern Regional Health Authority	**187,727**	(14,612)
Due (to) from Newfoundland & Labrador Housing Corporation	**8,834**	(22,099)
Prepaid expenses	**7,317**	(11,438)
Accounts payable and accrued liabilities	**(18,934)**	1,291
	198,997	(34,389)

10. RELATED PARTY TRANSACTIONS

The Cottages and Hostels' received $113,880 (2009 - $113,880) in rental revenue from Eastern Regional Health Authority ("Eastern Health").

Expenditures included $610,605 (2009 - $611,657) paid to Eastern Health for loan interest, administration fees, computer services, laundry services, maintenance and security services, insurance and miscellaneous expenses.

11. CAPITAL MANAGEMENT

The capital structure of the Cottages and Hostels' consists of its fund balances. The Cottages and Hostels' objective when managing capital is to ensure it maintains adequate capital to support its continued operations.

The Cottages and Hostels is not subject to externally imposed capital requirements except for NLHC reserve requirements.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk factors

The Cottages and Hostels have exposure to credit risk, interest rate risk and liquidity risk. The Cottages and Hostels' Board of Directors has overall responsibility for the oversight of these risks and reviews the Cottages and Hostels' policies on an ongoing basis to ensure that these risks are appropriately managed. The source of risk exposure and how each is managed is outlined below:

Credit risk

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligation. The Cottages and Hostels' credit risk is primarily attributable to receivables. Management believes that the credit risk with respect to accounts receivable is not significant.

Liquidity risk

Liquidity risk is the risk that the Cottages and Hostels' will not be able to meet its financial obligations as they become due. As at March 31, 2010, the Cottages and Hostels had cash of $844,498.

To the extent that the Cottages and Hostels do not believe they have sufficient liquidity to meet current obligations, consideration will be given to obtaining additional funds through third party funding or the Government, assuming these could be obtained.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and price risk will affect the Cottages and Hostels' operations or the value of its financial instruments. The Cottages and Hostels is not subject to foreign exchange or price risk.

i. Interest rate risk

Long-term debt, with the exception of the debt payable to Eastern Regional Health Authority, bears a fixed interest rate and, consequently, the Cottages and Hostels' cash flow exposure is not significant. Debt payable to Eastern Regional Health Authority bears interest at variable interest rates. Consequently, cash flow exposure exists but is not considered significant by management.

Fair value

The fair value of the Cottages and Hostels' short-term financial instruments approximate the carrying value due to the short-term maturity and normal credit terms of those instruments.

Long-term debt is considered to approximate fair value.

Schedule 1

COMBINED FUNDS OF EASTERN REGIONAL HEALTH AUTHORITY - COTTAGES AND HOSTELS

Combined Schedule of Revenue and Expenditures for Newfoundland and Labrador Housing Corporation

Year Ended March 31, 2010

	Agnes Cowan Hostel	Northwest Rotary Janeway Hostel	Lions Manor	TCRHB Cottages	Golden Heights Cottages	Blue Crest Cottages	Total 2010	Total 2009
	$	$	$	$	$	$	$	$
Revenue								
Rentals	1,309,732	-	164,413	29,100	107,122	121,301	1,731,668	1,838,210
Rental assistance subsidy	43,482	19,031	67,523	16,475	25,240	29,375	201,126	203,834
Amortization of deferred capital contributions	90,000	-	-	-	-	-	90,000	90,000
Special funding	-	-	22,270	-	-	-	22,270	-
Laundry charge	12,438	-	4,715	960	-	-	18,113	20,309
Domestic electricity charge	-	-	9,969	2,040	-	-	12,009	11,940
Interest	4,439	944	247	71	-	-	5,701	29,014
Other	5,555	-	-	-	-	-	5,555	5,349
	1,465,646	19,975	269,137	48,646	132,362	150,676	2,086,442	2,198,656
Expenditures								
Amortization	362,934	70,902	66,265	13,360	48,308	55,354	617,123	596,077
Salaries and benefits	372,933	-	-	-	16,294	-	389,227	384,010
Interest on long-term debt	128,880	21,823	59,690	15,695	19,435	37,304	282,827	307,971
Utilities	89,388	16,328	60,909	12,334	30,139	34,850	243,948	280,939
Housekeeping services	225,227	-	-	-	-	-	225,227	225,227
Maintenance	121,266	348	58,280	3,549	20,462	12,736	216,641	179,518
Laundry and linen	156,719	-	-	-	-	-	156,719	162,303
Minor equipment	95,954	-	-	-	-	-	95,954	-
Municipal taxes	-	-	18,794	3,337	7,200	25,850	55,181	38,365
Administration	14,323	-	10,233	1,520	-	-	26,076	26,403
Other supplies	17,840	63	215	1,080	440	3,802	23,440	25,889
Snow clearing	-	-	624	-	9,921	8,697	19,242	24,199
Insurance	1,715	-	1,700	1,200	2,500	2,500	9,615	9,615
Security	-	5,898	-	-	-	-	5,898	5,949
Computer services	2,454	-	-	-	-	-	2,454	2,454
Professional fees	371	371	371	371	371	371	2,226	1,730
	1,590,004	115,733	277,081	52,446	155,070	181,464	2,371,798	2,270,649
Deficiency of revenue over expenditures before undernoted items	(124,358)	(95,758)	(7,944)	(3,800)	(22,708)	(30,788)	(285,356)	(71,993)
Transfer from subsidy surplus fund	2,020	-	-	-	-	-	2,020	31,565
Transfer from replacement reserve fund	81,390	30	7,944	3,800	10,568	5,837	109,569	1,567
Deficiency of revenue over expenditures	(40,948)	(95,728)	-	-	(12,140)	(24,951)	(173,767)	(38,861)

Schedule 2

COMBINED FUNDS OF EASTERN REGIONAL HEALTH AUTHORITY - COTTAGES AND HOSTELS

Combined Schedule of Financial Position for Newfoundland and Labrador Housing Corporation

Year Ended March 31, 2010

	Agnes Cowan Hostel	Northwest Rotary Janeway Hostel	Lions Manor	TCRHB Cottages	Golden Heights Cottages	Blue Crest Cottages	Total 2010	Total 2009
	$	$	$	$	$	$	$	$
Assets								
Current assets								
Cash and cash equivalents	673,505	25,431	29,162	7,974	42,141	66,285	844,498	814,947
Accounts receivable	20,189	-	-	-	-	-	20,189	34,242
Due from Eastern Regional Health Authority	-	-	-	-	-	-	-	105,420
Due from Newfoundland & Labrador Housing Corporation	-	-	11,391	-	-	-	11,391	808
Prepaid expenses	-	-	13,646	2,452	-	11,418	27,516	34,833
	693,694	25,431	54,199	10,426	42,141	77,703	903,594	990,250
Capital assets	5,232,267	1,059,780	1,401,616	364,063	546,233	839,905	9,443,864	10,046,545
Replacement reserve fund	183,313	160,477	344,061	46,882	69,946	22,426	827,105	936,674
Subsidy surplus fund	-	-	-	-	-	-	-	2,020
	6,109,274	1,245,688	1,799,876	421,371	658,320	940,034	11,174,563	11,975,489
Liabilities								
Current liabilities								
Accounts payable and accrued liabilities	76,503	2,516	5,312	3,072	3,880	8,731	100,014	118,948
Due to Eastern Regional Health Authority	86,952	1,343,010	23,473	89	225,627	190,409	1,869,560	1,787,253
Due to Newfoundland & Labrador Housing Corporation	-	-	25,413	7,266	-	-	32,679	13,262
Current portion of severance pay	22,060	-	-	-	-	-	22,060	-
Current portion of long-term debt	282,490	73,160	69,151	13,942	52,405	57,789	548,937	525,730
	468,005	1,418,686	123,349	24,369	281,912	256,929	2,573,250	2,445,193
Long-term debt	3,432,413	589,299	1,300,945	348,176	493,828	782,116	6,946,777	7,497,107
Deferred capital contributions	1,125,000	-	12,498	1,944	-	-	1,139,442	1,215,000
Accrued severance pay	59,240	-	-	-	-	-	59,240	76,979
Replacement reserve fund	183,313	160,477	344,061	46,882	69,946	22,426	827,105	936,674
Subsidy surplus fund	-	-	-	-	-	-	-	2,020
	5,267,971	2,168,462	1,780,853	421,371	845,686	1,061,471	11,545,814	12,172,973
Net assets (deficiency)								
Unrestricted	448,936	(1,320,095)	-	-	(187,366)	(121,437)	(1,179,962)	(1,006,195)
Investment in capital assets	392,367	397,321	19,023	-	-	-	808,711	808,711
	841,303	(922,774)	19,023	-	(187,366)	(121,437)	(371,251)	(197,484)
	6,109,274	1,245,688	1,799,876	421,371	658,320	940,034	11,174,563	11,975,489

Schedule 3

COMBINED FUNDS OF EASTERN REGIONAL HEALTH AUTHORITY - COTTAGES AND HOSTELS

Combined Schedule of Cash Flows for Newfoundland and Labrador Housing Corporation

Year Ended March 31, 2010

	Agnes Cowan Hostel	Northwest Rotary Janeway Hostel	Lions Manor	TCRHB Cottages	Golden Heights Cottages	Blue Crest Cottages	Total 2010	Total 2009
	$	$	$	$	$	$	$	$
Operating activities								
Deficiency of revenue over expenditures	(40,948)	(95,728)	-	-	(12,140)	(24,951)	(173,767)	(38,861)
Adjustments for:								
Amortization of capital assets	362,934	70,902	66,265	13,360	48,308	55,354	617,123	596,077
Amortization of deferred capital contributions	(90,000)	-	-	-	-	-	(90,000)	(90,000)
Increase in severance pay accrual	4,321	-	-	-	-	-	4,321	7,361
Changes in non-cash operating working capital	201,569	112,015	8,141	(96)	(79,993)	(42,639)	198,997	(34,389)
	437,876	87,189	74,406	13,264	(43,825)	(12,236)	556,674	440,188
Investing activity								
Purchase of capital assets	-	-	(12,498)	(1,944)	-	-	(14,442)	-
Financing activity								
Repayment of long-term debt	(272,934)	(70,902)	(66,265)	(13,360)	(48,308)	(55,354)	(527,123)	(506,076)
Capital asset contributions	-	-	12,498	1,944	-	-	14,442	-
	(272,934)	(70,902)	(53,767)	(11,416)	(48,308)	(55,354)	(512,681)	(506,076)
Net increase (decrease) in cash resources	164,942	16,287	8,141	(96)	(92,133)	(67,590)	29,551	(65,888)
Cash and cash equivalents, beginning of year	508,563	9,144	21,021	8,070	134,274	133,875	814,947	880,835
Cash and cash equivalents, end of year	673,505	25,431	29,162	7,974	42,141	66,285	844,498	814,947

EASTERN SCHOOL DISTRICT

AUDITOR'S REPORT AND FINANCIAL STATEMENTS

June 30, 2009

BYRON
SMITH
CHARTERED ACCOUNTANT
MANAGEMENT CONSULTANT

BYRON
SMITH
CHARTERED ACCOUNTANT
MANAGEMENT CONSULTANT

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AUDITOR'S REPORT

To the Board Members of:
Eastern School District

I have audited the balance sheet of the current and capital funds of the Eastern School District as at June 30, 2009 and the related statements of current revenues, expenditures and District deficiency, cash flows and changes in capital fund for the year then ended. These financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The accounting policy with respect to Teachers' Severance Pay is described in Note 2. Canadian generally accepted accounting principles require that all accounts receivable should be recorded and disclosed on the financial statements. The liability for Teachers' Severance Pay has been recorded but no offsetting receivable has been recorded. In this respect, these financial statements are not in accordance with Canadian generally accepted accounting principles. If the accounts receivable were recorded in accordance with Canadian generally accepted accounting principles, changes to the amounts reported for accounts receivable, revenue, and excess of expenditures over revenue would be necessary.

In my opinion, except for the effects of the failure to record accounts receivable as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Board as at June 30, 2009 and the results of its operations and changes in its capital financial position for the year then ended in accordance with Canadian generally accepted accounting principles and as explained in Note 1 to the financial statements and are in compliance with reporting requirements established for School Boards in the Province of Newfoundland and Labrador by the Department of Education.

August 31, 2009
Spaniard's Bay, NL

Byron Smith
CHARTERED ACCOUNTANT

Eastern School District
Balance Sheet

As At June 30, 2009	2009	2008
Assets		
Current		
Cash (Supp. Info. 1)	$ 12,549,478	$ 13,171,075
Short-term investments (Supp. Info. 2)	873,551	888,864
Accounts receivable (Note 4)	3,642,381	4,505,901
Teachers' vacation pay (Note 5)	33,730,795	30,332,299
Prepaid expenses (Supp. Info. 3)	516,558	529,476
	51,312,763	49,427,615
Cash restricted (Note 1)	5,030,000	
Capital assets (Schedule 7 and Note 1)	177,145,179	166,349,563
	$233,487,942	$215,777,178
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 7)	$ 14,409,966	$ 11,731,231
Teachers' vacation pay (Note 5)	33,730,795	30,332,299
Current maturities (Schedule 8B)	684,841	752,824
Current portion of obligation under capital lease (Note 10)	817,060	813,283
	49,642,662	43,629,637
Long-term debt (Schedule 8)	2,560,359	3,402,634
Obligation under capital lease (Note 10)	2,287,937	2,959,562
Teachers' severance pay benefits (Note 2)	56,270,939	51,912,995
Other employee severance pay accrual (Note 1)	5,030,000	4,639,546
Other employee benefits (Note 8)	438,597	470,208
	116,230,494	107,014,582
District Equity		
Investment in capital assets (Note 9)	175,459,520	163,018,456
District deficiency	(58,202,072)	(54,255,860)
	117,257,448	108,762,596
	$233,487,942	$215,777,178

Contingent Liabilities (Note 15)

On Behalf of the Board:

Chairperson

Treasurer

See accompanying notes to financial statements.

BYRON
SMITH
CHARTERED ACCOUNTANT
MANAGEMENT CONSULTANT

Eastern School District
Statement of Current Revenue, Expenditures and District Deficiency

For the Year Ended June 30, 2009	2009	2008
Current Revenue (Schedule 1)		
Provincial Government grants	$364,381,774	$330,021,266
Ancillary services	118,605	105,876
Miscellaneous	627,337	1,111,243
	365,127,716	331,238,385
Current Expenditures		
Administration (Schedule 2)	6,700,056	5,411,955
Instruction (Schedule 3)	297,470,927	267,393,425
Operations and maintenance (Schedule 4)	36,509,189	31,762,652
Pupil transportation (Schedule 5)	21,876,953	21,478,091
Ancillary services (Schedule 6)	69,074	71,766
Interest (Schedule 8C)	237,913	259,643
Amortization of deferred costs (Note 11)		342,603
Miscellaneous (Schedule 6)	171,628	135,272
	363,035,740	326,855,407
Excess of revenue over expenditures before undernoted items	2,091,976	4,382,978
Amortization of capital assets (Note 1)	(15,046,467)	(10,954,075)
Transfer to capital	13,366,223	8,169,339
Excess of revenue over expenditures before teachers' severance	411,732	1,598,242
Net change in teachers' severance liability (Note 2)	(4,357,944)	(1,875,028)
Excess of (expenditures over revenue) revenue over expenditures	$ (3,946,212)	$ (276,786)

District deficiency, beginning of the year	$ (54,255,860)	$ (53,979,074)
Excess of (expenditures over revenue) revenue over expenditures	(3,946,212)	(276,786)
District deficiency, end of the year	$(58,202,072)	$(54,255,860)

See accompanying notes to financial statements.

Eastern School District
Statement of Cash Flows

For the Year Ended June 30, 2009	2009	2008
OPERATING ACTIVITIES		
Excess of (expenditures over revenue) revenue over expenditures	$ (3,946,212)	$ (276,786)
Items not affecting cash:		
Amortization of deferred costs		342,603
Amortization of capital assets	15,046,467	10,954,075
Amortization of energy retrofit	67,353	182,338
Severance pay accrual	390,454	(12,690)
Teacher's severance liability	4,357,944	1,875,028
Other employee benefits liability	(31,611)	10,600
Short term investments	15,313	19,511
Accounts receivable	863,521	(1,803,839)
Prepaid expenses	12,918	25,335
Accounts payable and accrued liabilities	2,678,736	474,033
	19,454,883	11,790,208
INVESTING ACTIVITIES		
Capital expenditures - net	(25,909,438)	(19,547,126)
Change in investment in capital assets (Note 9)	12,441,064	9,737,263
	(13,468,374)	(9,809,863)
FINANCING ACTIVITIES		
Proceeds from obligation under capital lease	145,702	418,472
Repayment of obligation under capital lease	(813,550)	(824,968)
Proceeds from long-term borrowings		185,972
Repayment of long-term debt	(910,258)	(918,577)
	(1,578,106)	(1,139,101)
Change in cash resources	4,408,403	841,244
Cash, beginning of the year	13,171,075	12,329,831
Cash , end of the year	$ 17,579,478	$ 13,171,075
Consist of:		
Cash	$ 12,549,478	$ 13,171,075
Cash - restricted	5,030,000	
	$ 17,579,478	$ 13,171,075
Supplementary cash flow information:		
Interest paid	$ 237,913	$ 259,643
Interest paid - bussing loans	99,156	153,702
	$ 337,069	$ 413,345

See accompanying notes to financial statements.

Eastern School District
Statement of Changes in Capital Fund

For the Year Ended June 30, 2009	2009	2008
70 Capital receipts		
71 Proceeds from bank loans		
011 School construction		
012 Equipment		
013 Service vehicles		
014 Pupil transportation		$ 185,972
015 Other and capital lease	$ 145,703	418,472
	145,703	604,444
72 EIC grants		
011 School construction and equipment	25,446,236	17,550,730
012 Other - special grants for debt repayment		
	25,446,236	17,550,730
73 Donations		
011 Cash receipts		
012 Non-cash receipts		
013 Restricted use		
74 Sale of capital assets - proceeds		
011 Land and 012 buildings		
013 Equipment		
014 Service vehicles		
015 Pupil transportation vehicles		
016 Other		
75 Other capital revenues		
011 Interest on capital fund investments		
013 Recoveries of expenditures (Bus Loan Principal)	361,051	355,872
015 Insurance proceeds		
016 Native peoples grants		
017 Miscellaneous		
Gain on sale of capital assets		
Department of Education technology grants		
Cost sharing for technology grants		
	361,051	355,872
76 Transfer from (to) current fund	(13,366,223)	(8,169,339)
Add: Amortization - adjustment to residuals and disposals	2,179,427	
Add: Amortization of capital assets - non cash items	12,867,040	10,954,075
	1,680,244	2,784,736
	$ 27,633,234	$ 21,295,782

See accompanying notes to financial statements.

BYRON SMITH
CHARTERED ACCOUNTANT
MANAGEMENT CONSULTANT

Eastern School District
Statement of Changes in Capital Fund (Cont'd)

For the Year Ended June 30, 2009	**2009**	**2008**
80 Capital disbursements		
81 Additions to capital assets		
011 Land and sites	$ 3,037,425	$ 109,536
012 Buildings	22,395,688	17,212,731
013 Furniture and equipment - School	286,754	2,038,885
014 Furniture and equipment - other		
015 Service vehicles	189,569	185,974
016 Pupil transportation		
	25,909,436	19,547,126
82 Principal repayment of long-term debt		
011 School construction		
012 Equipment	1,226,128	1,256,224
013 Service vehicles		
014 Energy Performance Contract	497,670	492,432
	1,723,798	1,748,656
83 Miscellaneous disbursements		
013 Other (decrease in capital payables)		
	$ 27,633,234	$ 21,295,782

See accompanying notes to financial statements.

Nature of Operations

The Eastern School District is responsible for the operations and maintenance of all schools in the Eastern portion of the Province of Newfoundland and Labrador. The District was formed August 31, 2004 after the Government of Newfoundland and Labrador dissolved four previous boards known as Vista School District, Burin School District, Avalon West School District, and Avalon East School District.

These financial statements do not include school based financial activities which would consist of revenues, expenses and net assets controlled directly by school administration.

1. Significant Accounting Policies

These financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of accounting policies summarized below:

Fund Accounting

The accompanying financial statements have been prepared on a fund accounting basis which is generally accepted for School Boards. Fund accounting can be defined as "accounting procedures in which a self balancing group of accounts is provided for each fund." It is customary for School Boards to account separately for the current and capital funds. These financial statements include both the current and capital funds on a combined basis.

Common Controlled Entities

The District currently excercises control over corporations known as the Eastern Education Foundation Inc. and Newfoundland International Student Exchange Program Inc.

The net assets of the Eastern Education Foundation Inc. as at March 31, 2009 were $ 225,405 in accordance with the financial statements compiled by the Corporation. These amounts have not been consolidated with the Districts financial statements as at June 30, 2009.

The net assets of the Newfoundland Student Exchange Program Inc. (NISEP) as at June 30, 2009 are recorded in note 7 (accounts payable) of these financial statements. Net funds generated from this Corporation are to be used for specific purposes and will be recognized as revenue in the District's financial statements when approved by the NISEP Management Committee. The NISEP board has received a directive from the Government of Newfoundland and Labrador to wind up operations effective June 30, 2009.

Revenue

The District's main source of funding is derived from the Government of Newfoundland and Labrador, Department of Education ("the Department"). The Department provides funding for operations, transportation, capital expenditures and teacher salaries and severance pay. Funding designated for specific purposes is deferred and included in revenue when the related expenditures have been incurred.

Change in Accounting Policy

During 2009, the District changed its accounting policy for the treatment of capital asset additions for the furniture and equipment and miscellaneous assets classifications. In previous periods, the District had capitalized items in excess of $1,000 for these classifications. The District has now decided to capitialize items in excess of $15,000 for these categories and expense items below that amount. Management judges that the new policy is preferable because it results in a more comparative treatment adopted by the provincial government and other government agencies.

The District's new capitalization threshold of $15,000 became effective July 1, 2008 and was implemented on a prospective basis as the information was not readily available for retrospective application.

1. Significant Accounting Policies (Cont'd)

Capital Assets

Capital assets assumed by the District on August 31, 2004, as a result of legislation passed pursuant to the *Schools Act, 1997* and the *Education Act*, are recorded based on the Net Book Values shown on the audited financial statements of the predecessor entities. Deferred costs for the energy retrofit project are amortized on the straight-line basis over a period of seven years.

Beginning July 1, 2006 tangible capital assets will be amortized using the straightline basis over their estimated useful lives, using the following rates:

Buildings	50 years
Furniture and equipment	10 years
Service vehicles	5 years
Buses	12 years
Miscellaneous	5 years

Amortization for the current year consists of:

Amortization at regular rates	$ 12,867,040
Amortization adjustment to residual values and disposals at net book value	2,179,427
Total	$ 15,046,467

Teachers' and Student Assistants' Payroll

The Government of Newfoundland and Labrador processes the payrolls and remits the source deductions directly to the appropriate agencies. The amounts recorded in the financial statements represent gross salaries and employee benefits as reported by the Department for the year.

Pension Costs

All permanent employees of the District are covered by pension plans administered by the Government of Newfoundland and Labrador. Contributions to these plans are required from both the employee and the District. Post retirement obligations to employees are the responsibility of the Government of Newfoundland and Labrador and, as such, the employer contributions for pensions and other retirement benefits are recognized in the accounts on a current basis.

Cash restricted - Other Employee Severance Pay Accrual

The District records severance pay liability for employees other than teachers. Employees are entitled to one week of severance pay for each year of service to a maximum of twenty weeks once they reach 9 years of service with the District. During 2009 the District restricted cash in the amount of $ 5,030,000 to specifically fund this liability.

Use of Accounting Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting periods. Actual results could differ from those estimates.

Long-Lived Assets

Long-lived assets are reviewed for impairment upon the occurance of events or changes in circumstances indicating that the value of the assets may not be recoverable, as measured by comparing their net book value to the estimated undiscounted cash flows generated by their use. Impaired assets are recorded at fair value, determined principally using discounted future cash flows expected from their use and eventual disposition.

2. Teachers' Severance Pay Benefits

Pursuant to a directive issued by the Department during fiscal 1998, the District recorded severance pay for teachers in the District. The *Schools Act, 1997* specifies that salaries and other compensation for teachers are the responsibility of the Department. The District received written approval from the Minister of Education for the deficit arising from the Department's requirement for the teachers' severance.

The net change in the liability for the year ended is as follows:

	2009	2008
Balance, beginning of the year	$ 51,912,995	$ 50,037,967
Net increase, (decrease) for the period	4,357,944	1,875,028
Balance, end of the year	$ 56,270,939	$ 51,912,995

3. Bond Coverage

At balance sheet date, the insurance Division of Treasury Board carried fidelity bond coverage covering District employees in the amount of $300,000 per occurence.

4. Accounts Receivable

	2009	2008
Current		
11 131 Provincial Government	$ 2,648,847	$ 3,549,667
132 Transportation		
133 Federal Government		
134 Insurance		
138 Interest	5,022	38,401
139 Miscellaneous and travel advances	337,226	590,024
140 Goods and Service Tax Rebate	651,286	327,809
141 Other		
Capital		
11 231 Provincial Gov't -construction grants		
235 Other		
	$ 3,642,381	$ 4,505,901

5. Teachers' Vacation Pay

Pursuant to a directive issued by the Department during the fiscal year 2006, the District recorded the vacation pay liability for teachers in the District. The liability relates to teachers' salaries earned during the school year but not fully paid to teachers until subsequent to June 30. Accordingly, the District has recorded teachers' vacation pay receivable of $ 33,730,795 at June 30, 2009, (2008 - $ 30,332,299).

6. Bank Indebtedness

The District had an authorized operating demand loan of $4,000,000, bearing interest at Royal Bank prime less 0.65% which was unused as at June 30, 2009 and June 30, 2008. In accordance with the *Schools Act, 1997*, the operating demand loan was supported by a letter of approval to borrow provided by the Minister of Education.

7. Accounts Payable and Accrued Liabilities

Current	2009	2008
21 111 Trade payables	$ 4,780,520	$ 3,050,264
112 Accrued liabilities	290,353	97,960
114 Wages	650,367	904,156
115 Payroll deductions	83,052	
117 Deferred grants	5,298,924	4,197,996
118 Other - Specify		
Vacation pay accrual	1,921,150	1,714,688
Eastern School District Trust Fund	581,897	551,691
Scholarship fund	124,850	115,016
N.I.S.E.P. due to a related corporation	678,853	692,604
Capital		
213 Accrued interest		
217 Deferred Grants		406,856
	$ 14,409,966	$ 11,731,231

8. Other Employee Benefits

	2009	2008
Unused pre-1985 sick leave	$ 438,597	$ 470,208

The District has recorded the obligation to pay certain employees at the termination of their employment for unused sick leave accumulated prior to January 1, 1985.

9. Investment in Capital Assets

	2009	2008
Investment in capital assets, beginning of the year	$163,018,456	$153,281,193
Add:		
Grants - contributions for capital construction	25,446,236	17,550,730
Proceeds from sale of capital assets		
Gain on sale of capital assets		
Recoveries of expenditures		
Insurance proceeds - capital		
Capital purchases out of revenue	317,497	1,391,951
Miscellaneous - E.I.T.F.		
School contributions		
Principal repayment paid with operating grants	1,723,798	1,748,657
	190,505,987	173,972,531
Deduct adjustments:		
Cost of assets disposed		
Building		
Pupil transportation vehicles		
Other		
Amortization of capital assets	15,046,467	10,954,075
Adjustment to carrying value of certain capital assets		
Doubtful Accounts		
	15,046,467	10,954,075
Investment in capital assets, end of the year	$175,459,520	$163,018,456

10. Obligation Under Capital Leases

The District had entered into a capital lease with Royal Bank of Canada to finance its Energy Performance capital expenditures (EPC). The lease was for $ 5,000,000 for 5 years including a purchase option of $2,750,000 which expired May 2008. During June 2008, the purchase option was refinanced for a period of 5 years with a purchase option of $1.

The District also entered into capital leases with the Royal Bank of Canada for various equipment purchases. The leases total $ 1,176,917 as at June 30, 2009 with a purchase option of $1.

Future minimum payments under these capital leases is as follows for the year ending in:

	Risographs	EPC	Copiers & Laptops	Total
2010	$ 129,617	$ 618,564	$ 231,645	$ 979,826
2011	91,162	618,564	179,545	889,271
2012	36,948	618,564	179,545	835,057
2013	36,948	567,017	78,264	682,229
	294,675	2,422,709	668,999	3,386,383
Less: amount representing interest	7,762	221,947	51,677	281,386
	286,913	2,200,762	617,322	3,104,997
Less: current portion	88,116	522,559	206,385	817,060
	$ 198,797	$ 1,678,203	$ 410,937	$ 2,287,937

Interest has been imputed at a rate of 4.89% for the EPC.
Interest has been imputed at various rates for the other leases.

11. Deferred Costs

A predecessor School Board entered into a sale lease contract with the Royal Bank of Canada for their Energy Performance contract. A gain of $1,868,737 was recorded upon sale of these assets. This gain was amortized over sixty months. During the year NIL (2008 - $342,603) was recorded as amortization expense in the financial statements. This was fully amortized as of June 30, 2008.

12. Lease Commitments

The District is committed under the terms of various operating leases to make payments in the next year approximately as follows:

2010	$ 557,475

13. Financial Instruments

The carrying value of the Districts financial instruments, with the exception of long-term receivables, approximate fair values due to the short-term maturity and normal credit terms of those instruments. The long-term receivables balance does not approximate fair value as it is non-interest bearing.

14. Insurance Subsidy

The cost of insuring school properties is borne by the Provincial Government and no amount has been recorded in these accounts to reflect this cost.

15. Contingent Liabilities

Site restoration and remediation costs associated with school properties under the District are charged to operations as incurred. Estimated future site restoration and remediation costs have not been accrued in these financial statements since the obligation, if any, is presently not determinable. Such costs are normally funded by the Province.

The Board has a potential liability for accumulated sick leave to its employees in the amount of $13,332,000. This amount has not been included in the financial statements. The amount is calculated based on Board policy and on an interpretation of the agreement with unionized employees. Any payments to employees for sick leave is expensed in the period such payments are incurred.

16. Comparative Figures

Certain of the 2008 amounts have been reclassified to conform with the financial statement presentation adopted for 2009.

Eastern School District
Schedule 1
Current Revenues

For the Year Ended June 30, 2009	2009	2008
Current Revenues		
32 010 **Provincial Government Grants**		
011 Regular operating grants	$ 56,297,457	$ 50,870,918
016 Special grants		
French immersion		
Official language monitor		
French language recuperation		
Textbook credit allocation		
Communication technology		
Other		
Salaries and benefits		
017 Directors, Assistant Directors and Senior Education Officers	2,356,887	1,672,849
021 Regular teachers	275,960,288	249,000,934
Teachers' severance		116
022 Substitute teachers		
Student assistants	7,954,844	7,025,375
030 Pupil transportation		
031 Board owned	3,402,790	3,231,582
032 Contracted	15,817,632	15,964,953
033 Handicapped	2,591,876	2,254,539
	364,381,774	330,021,266
33 010 **Donations**		
012 Cash receipts		
013 Non cash receipts		
014 Restricted use		
34 010 **Ancillary Services**		
011 Revenues from rental of residences		
021 Revenues from rental of Schools and facilities (Net)	118,605	105,876
031 Cafeterias		
032 Other		
	118,605	105,876

Eastern School District
Schedule 1 (Cont'd)
Current Revenues

For the Year Ended June 30, 2009	2009	2008
35 010 **Miscellaneous**		
011 Income on investments and bank	$ 221,791	$ 622,441
012 Bus charters		
021 Recoveries of expenditures		
031 Revenues from other School Districts		
051 Insurance proceeds		
061 Bilingual education revenue		
071 Operating revenue from native peoples grant		
081 Miscellaneous federal grants: Special Projects	32,984	118,583
091 Textbooks - net		
092 Other		
Summer and night school fees		
Gain on sale of capital assets		
Technology support initiative		
Sundry	372,562	370,219
093 Grant - MUN		
	627,337	1,111,243
Total Current Revenues	$365,127,716	$331,238,385

Eastern School District
Schedule 2
Administration Expenditures

For the Year Ended June 30, 2009	**2009**	**2008**
51 Salaries and benefits		
011 Directors, Assistant Directors and Senior Education Officers	$ 2,356,887	$ 1,659,117
012 Board office personnel	2,620,234	2,131,476
013 Office supplies	99,213	92,154
014 Replacement furniture and equipment	74,923	52,884
015 Postage	33,208	27,027
016 Telephone	175,122	162,535
017 Office equipment rentals and repairs	17,065	7,092
018 Bank charges	534	3,167
019 Electricity	79,119	72,294
021 Fuel		5,108
023 Repairs and maintenance	1,871	17,612
024 Travel	98,767	61,266
025 Board meeting expenses	130,502	129,924
027 Professional fees	162,049	124,633
028 Advertising and public relations	77,579	117,588
029 Membership dues	123,963	95,172
031 Municipal service fees	12,086	9,052
032 Rental of office space	625,071	621,853
034 Professional Development and Meetings	11,863	22,001
Total Administration expenditures	$ 6,700,056	$ 5,411,955

Eastern School District
Schedule 3
Instruction Expenditures

For the Year Ended June 30, 2009	**2009**	**2008**
52 010 **Instructional Salaries**		
Teachers' salaries		
011 Regular	$231,949,757	$206,822,712
012 Substitute	9,793,208	8,883,904
013 Board paid	416,728	333,670
014 Augmentation		
015 Employee benefits - teachers	34,236,800	33,266,826
016 School secretaries - salaries and benefits	5,166,271	4,673,171
018 Other		
Co-operative education		
Salaries and benefits - IT	1,075,449	792,014
Salaries and benefits - program assistants	77,267	65,313
Salaries and benefits - student assistants	7,954,822	7,025,427
	290,670,302	261,863,037
52 040 **Instructional Materials**		
041 General supplies	5,384,311	3,683,922
042 Library resource materials	5,805	1,446
043 Teaching aids	653,292	1,004,265
044 Textbooks		
045 Other - Special and regional services		
	6,043,408	4,689,633
52 060 **Instructional Furniture and Equipment**		
061 Replacement	31,426	80,735
062 Rentals and repairs		
063 Salary and benefits - computer technicians		
	31,426	80,735
50 080 **Instructional Staff Travel**		
080 IT Travel	78,200	81,653
081 Program co-ordinators	410,748	371,518
082 Teachers' travel	44,082	138,164
083 Inservice and conferences	160,956	143,685
	693,986	735,020
52 090 **Other Instructional Costs**		
091 Postage and stationary	31,805	25,000
Total instruction expenditures	$297,470,927	$267,393,425

Eastern School District
Schedule 4
Operations and Maintenance Expenditures - Schools

For the Year Ended June 30, 2009	2009	2008
53		
Salaries		
011 Janitorial	$ 13,724,896	$ 12,481,733
012 Maintenance	2,295,036	1,417,408
014 Electricity	6,509,608	6,208,859
015 Fuel	1,601,493	2,431,452
016 Municipal service fee	847,937	749,081
017 Telephone	1,431,255	1,357,035
018 Vehicle operating and travel	274,056	190,279
019 Janitorial supplies	812,878	775,723
021 Janitorial equipment	197,060	62,581
022 Repairs and maintenance - buildings (Fund 1)	4,091,413	2,407,524
023 Repairs and maintenance - buildings (Fund 2)	3,073,290	2,334,215
024 Equipment maintenance	31,129	23,959
025 Snow clearing	1,619,138	1,322,803
Total operations and maintenance	$ 36,509,189	$ 31,762,652

Eastern School District
Schedule 5
Pupil Transportation Expenditures

For the Year Ended June 30, 2009	**2009**	**2008**
54 010 **Operation and Maintenance of Board Owned Fleet**		
Salaries and Benefits		
011 Administration	$ 127,062	$ 132,602
012 Drivers and Mechanics	1,739,508	1,579,923
013 Payroll Tax	29,613	27,540
014 Debt Repayment- Interest	99,156	153,702
015 Principal	361,051	355,872
017 Gas and oil	422,567	468,208
018 Licenses	37,213	31,957
019 Insurance	37,905	49,151
021 Repairs and Maintenance - Fleet	312,488	235,891
022 Building	41,863	36,464
023 Tires and Tubes	50,975	46,940
024 Heat and Light	8,589	9,193
025 Municipal Service	880	1,261
026 Snow Clearing	6,548	9,532
027 Office Supplies	11,298	7,455
029 Travel	5,167	5,502
031 Professional Fees		964
032 Miscellaneous	59,700	39,565
033 Telephone	51,207	40,869
	3,402,790	3,232,591
54 040 **Contracted Services**		
041 Regular transportation	15,758,499	15,874,450
042 Handicapped	2,591,876	2,254,539
047 Salaries	122,349	116,473
048 Travel	1,439	38
Pupil transportation expenditures	$ 21,876,953	$ 21,478,091

Eastern School District
Schedule 6
Ancillary Services and Miscellaneous Expenses

For the Year Ended June 30, 2009	2009	2008

Ancillary Services

The Board operates the following ancillary services:

55 Ancillary services		
011 Operation of teachers' residences		
031 Cafeterias		
032 Other - environmental education	$ 69,074	$ 71,766
	$ 69,074	$ 71,766

Miscellaneous Expenses

The Board has incurred the following miscellaneous expenses:

57 011 Bad debt expense	$ 153,135	$ 111,692
Special incentive program		
Other miscellaneous expenditures	18,493	23,580
012 Provision for severance pay		
	$ 171,628	$ 135,272

Eastern School District
Schedule 7
Details of Capital Assets

For the Year Ended June 30, 2009

	Cost June 30, 2009	Accumulated Amortization 2009	NBV June 30, 2009	NBV June 30, 2008
12 210 Land and Sites	$ 8,261,620		$ 8,261,620	$ 5,224,195
12 220 Buildings				
221 Schools	298,429,600	$ 143,678,666	154,750,934	142,465,945
222 Administration	5,590,942	1,509,733	4,081,209	4,172,028
223 Residential	10,000	800	9,200	9,400
224 Recreational				
225 Other	452,854	412,082	40,772	49,829
	304,483,396	145,601,281	158,882,115	146,697,202
12 230 Furniture and Equip.				
231 Schools	31,278,013	24,399,287	6,878,726	10,235,872
232 Administration	3,173,731	2,742,103	431,628	888,645
233 Residential	850	734	116	238
234 Recreation				
235 Other	27,648	23,888	3,760	7,741
	34,480,242	27,166,012	7,314,230	11,132,496
12 240 Vehicles				
241 Service vehicles	646,782	245,510	401,272	321,638
12 250 Pupil Transportation				
251 Land				
252 Building	152,886	25,385	127,501	128,559
Vehicles				
253 Buses	5,774,961	3,923,109	1,851,852	2,280,611
254 Service	59,383	29,692	29,691	37,114
255 Equipment				
256 Other				
	5,987,230	3,978,186	2,009,044	2,446,284
12 260 Misc. Capital Assets				
Computers	894,464	715,571	178,893	357,785
Tools	18,163	14,529	3,634	7,266
Water lines	29,151	3,887	25,264	26,236
Resource lines				
	941,778	6,499,183	207,791	391,287
Subtotal	354,801,048	177,724,976	177,076,072	166,213,103
Energy retrofit	5,834,303	5,765,196	69,107	136,460
Total Capital Assets	$ 360,635,351	$ 183,490,172	$ 177,145,179	$ 166,349,563

Eastern School District
Schedule 7A
Details of Capital Assets - Additions and Disposals

For the Year Ended June 30, 2009

	Cost June 30, 2008	Additions 2009	Disposals 2009	Write down of Impaired Assets 2009	Cost June 30, 2009
12 210 Land and Sites	$ 5,224,195	$ 3,037,425		$	$ 8,261,620
12 220 Buildings					
221 Schools	282,451,612	22,395,688	$ 6,417,700		298,429,600
222 Administration	5,590,942				5,590,942
223 Residential	10,000				10,000
224 Recreational					
225 Other	452,854				452,854
	288,505,408	22,395,688	6,417,700		304,483,396
12 230 Furniture and Equip.					
231 Schools	30,991,259	286,754			31,278,013
232 Administration	3,173,731				3,173,731
233 Residential	850				850
234 Recreation					
235 Other	27,648				27,648
	34,193,488	286,754			34,480,242
12 240 Vehicles					
241 Service vehicles	457,213	189,569			646,782
12 250 Pupil Transportation					
251 Land					
252 Building	152,886				152,886
Vehicles					
253 Buses	5,774,961				5,774,961
254 Service	59,383				59,383
255 Equipment					
256 Other					
	5,987,230				5,987,230
12 260 Misc. Capital Assets					
Computers	894,464				894,464
Tools	18,163				18,163
Water lines	29,151				29,151
Resource lines					
	941,778				941,778
Subtotal	335,309,312	25,909,436	6,417,700		354,801,048
Energy retrofit	5,834,303				5,834,303
Total Capital Assets	$ 341,143,615	$ 25,909,436	$ 6,417,700	$ NIL	$ 360,635,351

Eastern School District
Schedule 7B
Details of Capital Assets - Amortization

For the Year Ended June 30, 2009

	Accumulated Amortization 2008	Amortization 2009	Amortization on disposals 2009	Net Amortization 2009	Accumulated Amortization 2009
12 210 Land and Sites					
12 220 Buildings					
221 Schools	$ 139,985,667	$ 7,931,272	$ 4,238,273	$ 3,692,999	$ 143,678,666
222 Administration	1,418,914	90,819		90,819	1,509,733
223 Residential	600	200		200	800
224 Recreational					
225 Other	403,025	9,057		9,057	412,082
	141,808,206	8,031,348	4,238,273	3,793,075	145,601,281
12 230 Furniture and Equip.					
231 Schools	20,755,387	3,643,900		3,643,900	24,399,287
232 Administration	2,285,086	457,017		457,017	2,742,103
233 Residential	612	122		122	734
234 Recreation					
235 Other	19,907	3,981		3,981	23,888
	23,060,992	4,105,020		4,105,020	27,166,012
12 240 Vehicles					
241 Service vehicles	135,575	109,935		109,935	245,510
12 250 Pupil Transportation					
251 Land					
252 Building	24,327	1,058		1,058	25,385
Vehicles					
253 Buses	3,494,350	428,759		428,759	3,923,109
254 Service	22,269	7,423		7,423	29,692
255 Equipment					
256 Other					
	3,540,946	437,240		437,240	3,978,186
12 260 Misc. Capital Assets					
Computers	536,678	178,893		178,893	715,571
Tools	10,897	3,632		3,632	14,529
Water lines	2,915	972		972	3,887
Resource lines					
	550,490	183,497		183,497	733,987
Subtotal	169,096,209	12,867,040	4,238,273	8,628,767	177,724,976
Energy retrofit	5,697,843	67,353		67,353	5,765,196
Total Capital Assets	$ 174,794,052	$ 12,934,393	$ 4,238,273	$ 8,696,120	$ 183,490,172

Eastern School District
Schedule 8
Details of Long-Term Debt

For the Year Ended June 30, 2009				**2009**	**2008**
Ref. #					
211 **Bank Loans**					
	Monthly Blended Payment	Interest Rate	Maturity Date		
	$ 430	Prime + 2%	2011	$ 322,129	$ 506,044
	$ 9,443	Prime + 2%	2012	585,477	698,795
	$ 12,475	Prime + 2%	2010	111,821	261,516
	$ 7,833				60,889
	$ 883				6,719
	$ 3,549	5.46%	2013	126,554	161,199
Total 211				1,145,981	1,695,162
212 **Mortgages**					
Total 212					
213 Debentures					
	repayable $__________ monthly, maturing__________				
	repayable $__________ monthly, maturing__________				
Total 213					
Subtotal				1,145,981	1,695,162
215 Less current maturities				321,534	386,904
Total loans other than pupil transportation				$ 824,447	$ 1,308,258

Certain loans are secured by a first charge over specific vehicles.

Eastern School District
Schedule 8 (Cont'd)
Details of Long- Term Debt

For the Year Ended June 30, 2009			**2009**	**2008**
22 220 Loans - pupil transportation				
Ref. #				
221 Vehicle bank loans				
Monthly Blended Payment	Interest Rate	Maturity Date		
$ 430	Prime + 2%	2011	$ 10,342	$ 15,498
$ 4,169	Prime + 2%	2012	145,907	195,933
$ 2,019	Prime + 2%	2011	62,575	86,798
$ 5,744	Prime + 2%	2013	359,882	411,913
$ 4,320	5.046%	2017	385,100	416,639
$ 3,910	Prime + 2%	2016	281,550	328,475
$ 4,336	Prime + 2%	2016	282,018	350,944
$ 1,095	Prime + 2%	2014	65,708	78,850
$ 1,679	Prime + 2%	2014	107,471	127,622
$ 521	Prime + 2%	2012	13,944	20,717
$ 521	Prime + 2%	2013	23,453	30,229
$ 4,393	4.55%	2015	361,269	396,678
Total 221			2,099,219	2,460,296

222 Land, buildings and equipment bank loans

repayable $__________ monthly, maturing __________
repayable $__________ monthly, maturing __________
repayable $__________ monthly, maturing __________
repayable $__________ monthly, maturing __________
repayable $__________ monthly, maturing __________

	2009	2008
Total 222		
223 Less current maturities	363,307	365,920
Total loans - pupil transportation	1,735,912	2,094,376
Total long-term debt	$ 2,560,359	$ 3,402,634

Eastern School District
Schedule 8A
Summary of Long- Term Debt

For the Year Ended June 30, 2009

Description	Rate	Balance Beginning of Year	Loans Obtained During Year	Principal Repayment for Year	Balance End of Year
A) School construction					
B) Equipment	7.5%	$ 1,695,162		$ 549,181	$ 1,145,981
C) Service vehicles					
D) Other					
E) Pupil					
Transportation		2,460,296		361,077	2,099,219
Total Loans		$ 4,155,458	$ NIL	$ 910,258	$ 3,245,200

Eastern School District
Schedule 8B
Schedule of Current Maturities

For the Year Ended June 30, 2009

Description	Year 1	Year 2	Year 3	Year 4	Year 5
A) School construction					
B) Equipment	$ 321,534	$ 173,633	$ 70,882	$ 99,696	$ 18,887
C) Service vehicles					
D) Other					
E) Pupil	363,307	366,742	346,118	287,906	312,284
Transportation					
Total loans	$ 684,841	$ 540,375	$ 417,000	$ 387,602	$ 331,171

Eastern School District
Schedule 8C
Schedule of Interest Expense

Year Ended June 30, 2009	**2009**	**2008**
56 010		
Description		
012 **Capital**		
School construction		
Equipment	$ 45,252	$ 58,103
Service vehicles	7,943	7,168
Other		
Debt restructuring	7,185	19,934
Energy management - capital lease	177,533	174,438
Total Capital	237,913	259,643
Current		
013 Operating loans		
014 Supplier interest charges		
Total Current		
Total Interest Expense	$ 237,913	$ 259,643

Eastern School District
Supplementary Information

For the Year Ended June 30, 2009	2009	2008
1. Cash		
Current		
11 110 Cash on Hand and in Bank		
Bank		
112 Current	$ 12,277,853	$ 13,131,295
113 Severance Reserve Fund		
114 Teachers' payroll	268,837	37,280
115 Non teachers' payroll		
116 Executive payroll		
117 Other - Funds	2,788	2,500
	12,549,478	13,171,075
Capital		
11 210 Cash on hand and in bank		
211 Cash on hand		
Bank		
212 Current		
213 Savings		
214 Other		
Total Cash on Hand and in Bank	$ 12,549,478	$ 13,171,075
2. Short Term Investments		
Current		
11 121 Term deposits - restricted	$ 737,746	$ 707,430
122 Marketable securities	135,805	181,434
123 Other		
- Canada treasury bills		
- Mutual funds		
- Balance in broker account		
- Guaranteed Investment Certificates		
Capital		
11 221 Term deposits		
222 Canada Savings Bonds		
223 Other		
Total Short Term Investments	$ 873,551	$ 888,864

Term deposits relate to funds specifically allocated for educational purposes within the Province of Newfoundland and Labrador. These amounts are not intended for general operations of the District.

For the Year Ended June 30, 2009	2009	2008
3. Prepaid Expenses		
Current		
11 141 Insurance	$ 12,061	$ 16,559
142 Municipal service fees	154,435	162,428
143 Supplies		
144 Other		
Equipment lease		
Workers' compensation	350,062	350,489
Garbage collection		
Vehicle insurance		
Other		
Capital		
11 241 Other		
	$ 516,558	$ 529,476

Grant Thornton

Financial Statements

Egg Producers of Newfoundland and Labrador

December 31, 2009

Grant Thornton

Auditors' report

Grant Thornton LLP
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To the Members of the Board of the

Egg Producers of Newfoundland and Labrador

We have audited the statement of financial position of the Egg Producers of Newfoundland and Labrador at December 31, 2009 and the statements of loss and surplus and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland and Labrador

April 7, 2010

Chartered Accountants

Egg Producers of Newfoundland and Labrador

Statement of Loss

Year Ended December 31	2009	2008
Revenue		
Assessments	$ 2,045,714	$ 2,595,442
Less: Egg Farmers of Canada Levy	1,781,694	2,330,537
	264,020	264,905
Other revenue		
Government funded projects	69,285	95,793
Nest run - administrative fee	21,596	19,503
Promotional Allowance Program	20,000	14,047
Amortization of deferred capital contributions	4,680	2,674
Cost sharing – meetings	4,429	1,700
Innovation Fund	1,700	20,000
Interest	712	2,953
	386,422	421,575
Less:		
Other costs		
Costs for Government funded projects	69,285	95,793
	317,137	325,782
Expenses		
Advertising	52,701	35,924
Bank charges	3,846	3,537
Depreciation	6,120	4,179
Directors' per diem	9,900	5,060
Equipment rental and repairs	9,469	7,214
Federation of Agriculture	8,000	9,000
Fees, gazetting and insurance	5,771	10,048
Honorarium	12,000	12,000
Meetings	9,195	7,111
Moving expenses	2,476	-
Office supplies	2,903	1,101
Postage	1,067	2,398
Poultry Health Management Program	26,950	25,906
Professional fees	41,858	45,956
Rent	22,938	12,000
Salaries and benefits	107,648	91,974
Scholarship	1,000	1,000
Sundry	4,573	5,164
Telephone and utilities	10,920	8,141
Travel	48,703	35,814
Vehicle lease	4,449	4,506
	392,487	328,033
Net loss	$ (75,350)	$ (2,251)

See accompanying notes to the financial statements.

Egg Producers of Newfoundland and Labrador

Statement of Surplus

Year Ended December 31	2009	2008
Surplus, beginning of year	$ 95,040	$ 97,291
Net loss	(75,350)	(2,251)
Surplus, end of year	$ 19,690	$ 95,040

See accompanying notes to the financial statements.

Egg Producers of Newfoundland and Labrador

Statement of Financial Position

December 31	2009	2008
Assets		
Current		
Cash and cash equivalents (Note 5)	$ 254,445	$ 206,802
Short term investment	-	78,985
Receivables (Note 6)	506,840	272,518
Prepaids	18,308	7,806
	779,593	566,111
Equipment, at cost (less accumulated depreciation of $65,645; 2008 - $59,525)	20,455	23,676
	$ 800,048	$ 589,787
Liabilities		
Current		
Payables and accruals (Note 7)	$ 651,449	$ 357,468
Deferred government assistance	14,896	27,345
	666,345	384,813
Deferred capital contributions	14,039	18,719
	680,384	403,532
Members' Equity		
Surplus	19,690	95,040
Levy Surplus Fund (Note 9)	34,241	34,241
Provincial Variable Levy Fund (Note 10)	65,733	56,974
	119,664	186,255
	$ 800,048	$ 589,787

Commitments (Note 12)

On behalf of the Board

Director

Director

See accompanying notes to the financial statements.

Egg Producers of Newfoundland and Labrador

Statement of Cash Flows

Year Ended December 31	2009	2008
Increase (decrease) in cash and cash equivalents		
Operating		
Net loss	$ (75,350)	$ (2,251)
Depreciation	6,120	4,179
Amortization of deferred capital contributions	(4,680)	(2,674)
	(73,910)	(746)
Change in non-cash operating working capital (Note 11)	115,693	(62,339)
	41,783	(63,085)
Investing		
Purchase of equipment	(2,899)	(21,393)
Financing		
Deferred capital contributions	-	21,393
Provincial Variable Levy Fund	8,759	15,684
Net increase (decrease) in cash and cash equivalents	47,643	(47,401)
Cash and cash equivalents		
Beginning of year	206,802	254,203
End of year	$ 254,445	$ 206,802

See accompanying notes to the financial statements.

1. Nature of operations

The Organization, under the Province of Newfoundland and Labrador legislation, has a right and obligation to:

a) control the supply of eggs to meet consumer demand;
b) establish the minimum price for eggs at the farm gate level; and,
c) generally manage the production of eggs so that the price received by the producer is reflective of the cost of production while at the same time ensuring consistent supply, fair pricing and high quality for the product at the consumer level.

2. Summary of significant accounting policies

Use of estimates

In preparing the Organization's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

Assessment revenue

Assessment revenue is recognized as follows:

Producers - upon billing based on minimum production levels for allocated quotas.

Importers - when levy stamps are sold.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks, and short term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities.

Equipment

Depreciation on equipment is recorded using the declining balance method at the rate of 20% per annum for office furniture and equipment and 25% per annum for computer equipment.

Impairment of long-lived assets

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the value of the assets may not be recoverable, as measured by comparing their net book value to the estimated undiscounted cash flows generated by their use. Impaired assets are recorded at fair value, determined principally using discounted future cash flows expected from their use and eventual disposition.

2. **Summary of significant accounting policies** (cont'd.)

Government assistance

The Organization receives financial assistance under available Government Incentive Programs. Government assistance relating to capital expenditures is recognized over the useful life of the capital assets. Government assistance relating to current expenses is recorded in the same period as the related expenses.

Financial instruments

CICA Handbook Section 3855, "Financial Instruments - Recognition and Measurement", requires the Organization to revalue all of its financial assets and liabilities at fair value.

This standard also requires the Organization to classify financial assets and liabilities according to their characteristics and management's choices and intentions related thereto for the purposes of ongoing measurements. Classification choices for financial assets include: a) held for trading - measured at fair value with changes in fair value recorded in net earnings; b) held to maturity - recorded at amortized cost with gains and losses recognized in net earnings in the period that the asset is no longer recognized or impaired; c) available-for-sale - measured at fair value with changes in fair value recognized in net assets for the current period until realized through disposal or impairment; and d) loans and receivables - recorded at amortized cost with gains and losses recognized in net earnings in the period that the asset is no longer recognized or impaired.

Classification choices for financial liabilities include: a) held for trading - measured at fair value with changes in fair value recorded in net earnings and b) other - measured at amortized cost with gains and losses recognized in net earnings in the period that the liability is no longer recognized. Subsequent measurement for these assets and liabilities are based on either fair value or amortized cost using the effective interest method, depending upon their classification. Any financial asset or liability can be classified as held for trading as long as its fair value is reliably determinable.

In accordance with this standard, the Organization's financial assets and liabilities are generally classified and measured as follows:

Asset/Liability	**Classification**	**Measurement**
Cash and cash equivalents	Held for trading	Fair value
Receivables	Loans and receivables	Amortized cost
Payables and accruals	Other liabilities	Amortized cost

Other balance sheet accounts, such as prepaids, deferred government assistance, deferred capital contributions and equipment are not within the scope of this accounting standard as they are not financial instruments.

2. **Summary of significant accounting policies** (cont'd.)

Embedded derivatives are required to be separated and measured at fair values if certain criteria are met. The Organization does not currently have any significant embedded derivatives in its contracts that require separate accounting treatment.

The fair value of a financial instrument is the estimated amount that the Organization would receive or pay to terminate the instrument agreement at the reporting date. To estimate the fair value of each type of financial instrument various market value data and other valuation techniques were used as appropriate. The fair values of cash approximated its carrying value.

Section 3862 "Financial Instruments – Disclosure" and Section 3863 "Financial Instruments - Presentation" replaces Section 3861, "Financial Instruments – Disclosure and Presentation". Section 3862 requires increased disclosures regarding the risk associated with financial instruments such as credit risk and market risks, liquidity risks and the techniques used to identify, monitor and manage these risks. Section 3863 carries forward standards for presentation of financial instruments and non-financial derivatives and provides additional guidance for the classification of financial instruments, from the perspective of the issuer, between liabilities and equity.

Accounting standards and policies adopted during the year

(i) Capital Disclosures

Beginning on January 1, 2009, the Organization adopted CICA Handbook Section "Capital Disclosures." Under this Section, the Organization is required to disclose its objectives, policies and procedures for managing capital, as well as its compliance with any externally imposed capital requirements.

3. **Risk management**

The Organization's policy for managing significant risks includes policies, procedures and oversight designed to reduce the risks identified to an appropriate threshold. The Board of Directors is provided with timely and relevant reports on the management of significant risks. Significant risks managed by the Organization include liquidity and credit risks.

Liquidity risk

Liquidity risk is the risk that the Organization will be unable to meet its contractual obligations and financial liabilities. The Organization manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient cash available to meet its obligations and liabilities.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations The Organization's credit risk is attributable to receivables. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote.

4. Capital management

The capital structure of the Organization consists of unrestricted surplus, a Levy Surplus Fund and a Provincial Levy Surplus Fund. The primary objective of the Organization's capital management is to provide adequate funding to ensure efficient operations.

The unrestricted funds are available for future operations and are preserved so the Organization can have financial flexibility in the future. The purposes of the Levy Surplus Fund and the Provincial Levy Surplus Fund have been described in Notes 9 and 10 to the financial statements respectively.

5. Cash and cash equivalents

Cash and cash equivalents include $34,241 (2008 - $34,241) of Levy Surplus Fund cash, and $65,733 (2008 - $56,974) of Provincial Variable Levy Fund cash.

6. Receivables

	2009	2008
Producers	$ 84,784	$ 214,146
Government funding	33,400	-
Other	4,087	-
Egg Farmers of Canada		
- Egg lifts	358,406	42,327
- Co-op funding	20,000	14,047
- Cost sharing	6,163	-
Accrued interest	-	1,998
	$ 506,840	$ 272,518

7. Payables and accruals

	2009	2008
Trade	$ 131,793	$ 102,429
Producers - egg lifts	269,335	43,038
Egg Farmers of Canada	228,829	190,509
Producer contributions	21,492	21,492
	$ 651,449	$ 357,468

8. Credit facilities

The Organization has a letter of credit with the Bank of Montreal of $17,850 for the Egg Farmers of Canada.

9. Levy Surplus Fund

This Fund will be used to offset future years' adjustments to the Egg Farmers of Canada on marketings as well as other Board approved producer expenditures.

10. Provincial Variable Levy Fund

	2009	2008
Balance, beginning of year	$ 56,974	$ 41,290
Charges to producers	176,014	177,178
Payments to producers	(167,255)	(161,494)
Balance, end of year	$ 65,733	$ 56,974

This Fund is a special provincial levy on producers to fund removal of surplus product.

11. Supplemental cash flow information

	2009	2008
Change in non-cash operating working capital		
Short term investment	$ 78,985	$ (2,663)
Receivables	(234,322)	297,467
Prepaids	(10,502)	(958)
Payables and accruals	293,981	(383,530)
Deferred government assistance	(12,449)	27,345
	$ 115,693	$ (62,339)

12. Commitments

The Board is committed to minimum annual vehicle lease payments for the next three years as follows:

2010 - $4,449; 2011 - $4,449; and 2012 – $741.

During the year, a new lease agreement on office premises was signed. Lease payments throughout the term are $2,563 per month and the lease expires June 2011.

13. Employee future benefits

The Board operates a defined contribution pension plan for one of its employees. The assets of the plan are held separately from those of the Board in an independently administered fund. Contributions paid and expensed by the Board during the year totalled $6,053 (2008 - $4,791).

14. Comparative figures

Comparative figures for the prior year have been restated to conform with the financial statement presentation adopted for the current year.

15. Budget figures

The 2009 and 2010 budget figures presented in the statement of income are figures provided by management and have not been audited. These figures are included for convenience of the reader only.

Egg Producers of Newfoundland and Labrador

Comparative Financial Results – Five Years Actuals

2005-2009	Audited				
	2005	2006	2007	2008	2009
Revenue					
Assessments - net	$ 253,311	$ 258,506	$ 256,479	$ 264,905	**$ 264,020**
Other revenue					
Nest run - administrative fee	12,632	11,044	14,496	19,503	**21,596**
Promotional Allowance Program	-	-	-	14,047	**20,000**
Amortization of deferred capital contributions	-	-	-	2,674	**4,680**
Cost sharing – meetings	-	-	-	1,700	**4,429**
Innovation Fund	-	-	-	20,000	**1,700**
Interest and other revenue	2,743	2,753	3,860	2,953	**712**
	15,375	13,797	18,356	60,877	**53,117**
Total revenue	268,686	272,303	274,835	325,782	**317,137**
Expenses *					
Advertising	3,595	4,083	7,644	35,924	**52,701**
Bank charges	3,129	3,191	3,093	3,537	**3,846**
Depreciation	1,824	1,940	1,936	4,179	**6,120**
Directors' per diem	13,805	11,420	9,835	5,060	**9,900**
Equipment rental and repairs	5,410	6,148	8,116	7,214	**9,469**
Federation of Agriculture	8,000	8,000	8,000	9,000	**8,000**
Fees, gazetting and insurance	7,441	7,248	7,974	10,048	**5,771**
Honorarium	12,000	12,000	12,000	12,000	**12,000**
Meetings	9,048	7,399	3,817	7,111	**9,195**
Moving expenses	-	-	-	-	**2,476**
Office supplies	3,057	3,318	3,866	1,101	**2,903**
Postage	1,441	817	792	2,398	**1,067**
Poultry Health Management Program	18,992	14,107	22,521	25,906	**26,950**
Professional fees	25,294	19,639	17,266	45,956	**41,858**
Rent	13,200	13,150	12,000	12,000	**22,938**
Salaries and benefits	155,570	110,777	126,675	91,974	**107,648**
Saskatchewan judicial review	4,765	4,425	-	-	**-**
Scholarship	1,000	1,000	1,000	1,000	**1,000**
Sundry	2,286	1,272	2,092	5,164	**4,573**
Telephone and utilities	8,213	6,286	7,047	8,141	**10,920**
Travel	42,274	44,724	40,320	35,814	**48,703**
Vehicle lease	2,738	2,738	2,738	4,506	**4,449**
	343,082	283,682	298,732	328,033	**392,487**
Net loss	$ (74,396)	$ (11,379)	$ (23,897)	$ (2,251)	**$ (75,350)**

*Expenses prior to 2008 have been shown net of reimbursements received.

Egg Producers of Newfoundland and Labrador

Budget - 2009

January 1, 2009 - December 31, 2009

	Budget 2009	Audited Actual 2009	(Note 15) Budget 2010
Revenue			
Assessments – net	$ 263,606	$ 264,020	$ 266,167
Other revenue			
Nest run - administrative fee	12,000	21,596	20,000
Promotional Allowance Program	20,000	20,000	20,000
Amortization of deferred capital contributions	-	4,680	4,500
Cost Sharing – meetings	5,000	4,429	4,000
Innovation Fund	20,000	1,700	-
Interest and other revenue	2,500	712	500
	59,500	53,117	49,000
Total revenue	323,106	317,137	315,167
Expenses			
Advertising	30,000	52,701	28,000
APRI research center	-	-	1,500
Bank charges	3,924	3,846	3,924
Depreciation	4,200	6,120	6,000
Directors' per diem	15,000	9,900	11,000
Equipment rental and repairs	6,000	9,469	7,500
Federation of Agriculture	8,000	8,000	8,000
Fees, gazetting and insurance	8,000	5,771	8,000
Honorarium	12,000	12,000	3,000
ILT Poultry Program	1,000	-	1,000
Meetings	8,000	9,195	8,500
Moving	-	2,476	-
Office supplies	3,000	2,903	3,000
Postage	2,000	1,067	1,500
Poultry Health Management Program	26,000	26,950	26,000
Professional fees	13,000	41,858	20,000
Rent	17,000	22,938	31,000
Salaries and benefits	115,500	107,648	110,000
Scholarship	1,000	1,000	1,000
Sundry	1,500	4,573	2,000
Telephone and utilities	11,800	10,920	11,800
Travel	45,000	48,703	45,000
Vehicle lease	5,000	4,449	4,500
	336,924	392,487	342,224
Net loss	$ (13,818)	$ (75,350)	$ (27,057)

Deloitte

Financial Statements of

EVER GREEN ENVIRONMENTAL CORPORATION

March 31, 2009

Deloitte

Deloitte & Touche LLP
10 Factory Lane
Fort William Building
St. John's NL A1C 6H5
Canada

Tel: (709) 576-8480
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Auditors' Report

To the Members of the Board of Directors of
the Health Care Corporation

We have audited the statement of financial position of the Ever Green Environmental Corporation as at March 31, 2009 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Corporation derives certain of its revenue from the general public in the form of donations and other fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amount recorded in the records of the Corporation and we were not able to determine whether any adjustments might be necessary to revenue, excess of expenditures over revenue, assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
September 11, 2009

EVER GREEN ENVIRONMENTAL CORPORATION

Statement of Operations and Changes in Net Assets

Year ended March 31, 2009

	2009	2008
	$	$
Revenue		
Recycling - beverage containers	**3,048,865**	2,557,420
Cost of goods sold	**1,850,255**	1,543,205
	1,198,610	1,014,215
Pilot project	**130,941**	162,086
Rent	**97,434**	110,518
Ever Green donations	**75,679**	57,670
Grant	**70,530**	38,451
Recycling - other	**63,752**	42,614
Other	**35,708**	27,413
Fibre	**17,964**	-
Recycling - products	**11,681**	43,289
Amortization of deferred capital contributions	**4,393**	3,838
Mill Lane Enterprises	-	9,423
	1,706,692	1,509,517
Expenditures		
Salaries and benefits	**1,193,474**	955,890
Office	**235,506**	272,751
Amortization of capital assets	**128,363**	102,301
Property management	**80,282**	83,083
Pilot project	**65,715**	91,961
Business development	**50,589**	103,714
Grants and subsidies to Eastern Health clients	-	20,732
Recycling - products	**32,284**	38,805
Interest on long-term debt	**14,594**	-
Marketing and communication	**7,007**	24,257
Fibre	**14,460**	10,077
Amortization of intangible assets	**4,473**	3,697
Mill Lane Enterprises	-	6,344
	1,826,747	1,713,612
Excess of expenditures over revenue	**(120,055)**	(204,095)
Net assets, beginning of year	**1,456,525**	1,660,620
Net assets, end of year	**1,336,470**	1,456,525

EVER GREEN ENVIRONMENTAL CORPORATION
Statement of Financial Position
March 31, 2009

	2009 $	2008 $
Assets		
Current assets		
Cash and cash equivalents (Note 8)	**310,837**	201,347
Term deposits	**404,535**	393,022
Accounts receivable	**205,142**	145,685
Prepaid expense	**19,668**	14,709
Inventories	**26,930**	13,753
	967,112	768,516
Capital assets (Note 4)	**2,291,939**	1,537,457
Intangible assets (Note 5)	**18,207**	13,313
	3,277,258	2,319,286
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**568,547**	405,402
Deferred revenue	-	2,061
Due to Eastern Regional Health Authority (Note 6)	**60,000**	60,000
Current portion of long-term debt (Note 7)	**49,168**	-
	677,715	467,463
Long-term debt (Note 7)	**632,168**	-
Due to Eastern Regional Health Authority (Note 6)	**335,298**	395,298
Deferred capital contributions (Note 9)	**295,607**	-
	1,940,788	862,761
Net assets	**1,336,470**	1,456,525
	3,277,258	2,319,286

Commitments (Note 10)
Contingency (Note 12)

Approved on behalf of the Board:

_______________ Director

_______________ Director

EVER GREEN ENVIRONMENTAL CORPORATION
Statement of Cash Flows
Year ended March 31, 2009

	2009	2008
	$	$
Operating activities		
Excess of expenditures over revenue	**(120,055)**	(204,095)
Adjustments for:		
Amortization of capital assets	**128,363**	102,301
Amortization of intangible assets	**4,473**	3,697
Amortization of deferred capital contributions	**(4,393)**	(3,838)
Changes in non-cash operating working capital (Note 8)	**83,491**	(85,167)
	91,879	(187,102)
Investing activities		
Purchase of capital assets	**(882,845)**	(326,324)
Purchase of intangible assets	**(9,367)**	(16,026)
Increase in term deposits	**(11,513)**	134,289
	(903,725)	(208,061)
Financing activities		
Proceeds from long-term debt	**699,781**	-
Repayments on long-term debt	**(18,445)**	-
Increase in deferred capital contributions	**300,000**	-
Payments on amounts due to Eastern Regional Health Authority	**(60,000)**	344,727
	921,336	344,727
Net change in cash and cash equivalents	**109,490**	(50,436)
Cash and cash equivalents, beginning of year	**201,347**	251,783
Cash and cash equivalents, end of year	**310,837**	201,347

1. DESCRIPTION OF BUSINESS

Ever Green Environmental Corporation (the "Corporation") is a registered charitable organization incorporated to raise funds for public awareness and provide programs and services for mental health clients in Newfoundland and Labrador. The Health Care Foundation governs the operations of the Corporation.

As a registered charity, the Corporation is exempt from income taxes and may issue charitable donation receipts.

2. CHANGES IN ACCOUNTING POLICIES

Effective April 1, 2008 the Corporation adopted the Canadian Institute of Chartered Accountants' ("CICA") new accounting standards related to "Capital Disclosures" (Section 1535), "Inventories" (Section 3031) and "General Standards of Financial Statement Presentation" (Section 1400).

Capital Disclosures

CICA Section 1535 "Capital Disclosures" establishes standards for disclosure of information about the Corporation's capital and capital management, including the Corporation's objectives and processes of managing capital, quantitative data about what the Corporation regards as capital, whether the Corporation has complied with any externally imposed capital requirements, and if it has not complied, the consequences of such non-compliance. The adoption of this standard had no effect on the Corporation's financial position, operations or cash flows and these disclosures have been included in Note 13.

Inventories

CICA Handbook Section 3031, "Inventories" provides guidance on determination of cost of inventories and its subsequent recognition as an expense, and includes additional disclosure requirements. The new Section also requires the Corporation to account for the reversal of write-downs previously recognized when there is a subsequent increase in the value of inventories. This accounting policy, which was adopted as of April 1, 2008, was applied retroactively and resulted in no restatement to comparative figures.

General Standards of Financial Statement Presentation

CICA Section 1400 "General Standards of Financial Statement Presentation" provides additional guidance related to management's assessment of the Corporation's ability to continue as a going concern. The Corporation's current disclosures meet the reporting requirements of this section.

3. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following significant accounting policies:

Revenue recognition

The Corporation recognizes revenue as follows:

a) Service and product revenue is recognized when all significant contractual obligations are satisfied and collection is reasonably assured.
b) Grant revenue is recognized when related expenditures have been incurred.
c) Revenue from donations is recognized in the accounts of the Corporation in the year in which it is received.
d) Rent revenue is recognized in accordance with the terms of the lease agreement and when collection is reasonably assured.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash floats, deposits with banks, net of overdrafts.

Inventories

Inventories are valued at the lower of cost and net realizable value.

Capital assets

Capital assets are recorded at cost and are amortized over their estimated useful lives at the following rates per annum:

Leasehold improvements	3 years, straight line
Motor vehicles	30%, declining balance
Equipment	20%, declining balance
Computer equipment	30%, declining balance
IT system	10%, declining balance
Building	5%, declining balance
Baler	10 years, straight line
Web site	3 years, straight line

Intangible assets

Intangible assets are recorded at cost and amortized on a straight-line basis over a period of five years.

3. ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets and liabilities are generally classified and measured as follows:

Asset/Liability	Classification	Measurement
Cash and cash equivalents	Held for trading	Fair value
Term deposits	Held for trading	Fair value
Accounts receivables	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Due to Eastern Regional Health Authority	Other liabilities	Amortized cost
Long-term debt	Other liabilities	Amortized cost

Other balance sheet accounts do not meet the criteria to be considered financial instruments.

Capital contributions

Capital contributions are recorded as deferred contributions and amortized to income at the same rates as amortization expense related to the capital assets purchased. Capital contributions for non-depreciable capital assets are recorded as direct increases in net assets.

Use of estimates

In preparing the Corporation's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reporting amounts of revenue and expenses during the year. Actual results could differ from these estimates.

Future accounting standards

In September 2008, the CICA amended the introduction to accounting standards that apply only to not-for-profit organizations as outlined in the Section 4400 series of CICA Handbook (the "Handbook") as well as consequently changes to other sections of the Handbook.

These new standards are effective for the Corporation on April 1, 2009. The Corporation's management does not expect the application of these standards will have a material impact on its financial statements.

In December 2006, CICA issued new Section 3862, "Financial Instruments – Disclosures" and Section 3863, "Financial Instruments – Presentation", which established standards for the presentation and disclosure of financial instruments and non-financial derivatives.

Following a decision by CICA that permits the application of Section 3861, "Financial Instruments – Disclosure and Presentation", in place of Section 3862 and 3863, the Corporation has decided to continue to apply Section 3861.

4. CAPITAL ASSETS

	2009			2008	
	Cost	Accumulated Amortization	Net Book Value	Cost	Net Book Value
	$	$	$	$	$
Land	250,000	-	250,000	250,000	250,000
Leasehold improvements	234,460	201,888	32,572	209,652	16,944
Motor vehicles	112,066	75,664	36,402	112,066	52,002
Equipment	306,497	135,468	171,029	226,074	117,939
Baler	388,987	9,725	379,262	89,442	89,442
Computer equipment	59,662	41,811	17,851	59,662	25,502
IT system	106,787	20,764	86,023	74,881	72,777
Web site	4,750	792	3,958	-	-
Building	1,400,344	85,502	1,314,842	948,315	912,851
	2,863,553	571,614	2,291,939	1,970,092	1,537,457

5. INTANGIBLE ASSETS

	2009			2008	
	Cost	Accumulated Amortization	Net Book Value	Cost	Net Book Value
	$	$	$	$	$
Trademark	3,060	2,580	480	2,460	492
Patent and tradename	19,487	6,807	12,680	16,026	12,821
Copyright	1,296	259	1,037	-	-
US patent	4,010	-	4,010	-	-
	27,853	9,646	18,207	18,486	13,313

Assets relating to the US patent are not yet ready for use and therefore have not been amortized in the current year.

6. DUE TO EASTERN REGIONAL HEALTH AUTHORITY

The balance due to Eastern Regional Health Authority is non-interest bearing and repayable in monthly instalments of $5,000 to March 2010 and $9,444 from April 2010 to February 2013, with the last instalment of $4,460 due on maturity on March 31, 2013.

7. LONG-TERM DEBT

	2008	2007
	$	$
Atlantic Canada Opportunities Agency (ACOA) loan, non-interest bearing with principal payments of $3,833 per month beginning February 1, 2010.	**203,167**	-
Bank of Nova Scotia term loan, prime plus 0.75% to finance the purchase of fibre recycling equipment. The loan is repayable in monthly payments of $2,056 plus interest, matures in 2029 and is secured by land and building with a net book value of $1,459,562	**352,501**	-
Bank of Nova Scotia term loan, prime plus 0.75% to finance the purchase of fibre recycling equipment. The loan is repayable in monthly payments of $1,083 plus interest, matures in 2020 and is secured by a paper baler with a net book value of $379,262	**125,668**	-
	681,336	-
Current portion	**49,168**	-
	632,168	-

Annual principal repayments of long-term debt over the next five years are as follows:

	$
2010	**49,168**
2011	**83,668**
2012	**83,668**
2013	**83,668**
2014	**83,668**

8. SUPPLEMENTAL CASH FLOW INFORMATION

Restricted cash and cash equivalents

Cash and cash equivalents in the amount of $2,252 (2008 - $2,252) is restricted for various programs at the Waterford Hospital.

8. SUPPLEMENTAL CASH FLOW INFORMATION (Continued)

Change in non-cash operating working capital

	2009	2008
	$	$
Accounts receivable	(59,457)	(111,194)
Prepaid expense	(4,959)	(6,744)
Inventories	(13,177)	(4,786)
Accounts payable and accrued liabilities	163,145	35,496
Deferred revenue	(2,061)	2,061
	83,491	(85,167)
Interest paid	14,594	-

9. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized portion of restricted contributions related to capital assets, which will be reported in revenue in future accounting periods. Deferred capital contributions are amortized on a basis and at a rate consistent with the amortization for the related capital asset purchased.

The changes in deferred capital contributions balance for the year are as follows:

	2009	2008
	$	$
Balance, beginning of the year	-	3,838
Grants received	300,000	-
Amortization	(4,393)	(3,838)
Balance, end of the year	295,607	-

10. COMMITMENTS

The Corporation has entered into commitments for the lease of space, which will result in the following future expenditures:

	$
2010	**103,552**
2011	**104,433**
2012	**33,589**
2013	**14,063**

11. BANK INDEBTEDNESS

The Corporation has access to lines of credit totaling $150,000 in the form of revolving demand loans and/or bank overdrafts at its financial institution. These lines of credit remained unused at March 31, 2009 and bear interest at the rate of prime plus 1.5%.

12. CONTINGENCY

A legal claim has been filed against the Corporation. Although such matters cannot be predicted with certainty, management is currently defending this claim and believes this claim is adequately provided for as at March 31, 2009.

13. CAPITAL MANAGEMENT

The capital structure of the Corporation consists of net assets. The Corporation's objective when managing capital is to ensure it maintains adequate capital to support its continued operations.

The Corporation is not subject to externally imposed capital requirements.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk factors

The Corporation has exposure to credit risk and liquidity risk. The Corporation's Board of Directors has overall responsibility for the oversight of these risks and reviews the Corporation's policies on an ongoing basis to ensure that these risks are appropriately managed. The source of risk exposure and how each is managed is outlined below:

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligation. The Corporation's credit risk is primarily attributable to receivables. Management believes that the credit risk with respect to accounts receivable is not significant.

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due. As at March 31, 2009 the Corporation had cash and term deposits of $715,372.

To the extent the Corporation does not believe it has sufficient liquidity to meet current obligations, consideration will be given to obtaining additional funds through third party funding, assuming this could be obtained.

Fair value

The fair value of the Corporation's financial instruments, with the exception of the amounts due to Eastern Regional Health Authority and the long-term debt, approximate their carrying values due to the short-term maturity and normal credit terms of the instruments. The amount due to Eastern Regional Health Authority and the ACOA loan are non-interest bearing and, therefore, do not reflect fair value. The Bank of Nova Scotia term loans reflect fair value based on current borrowing rates available to the Corporation.

15. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

GRENFELL FOUNDATION INCORPORATED

AUDITORS' REPORT
AND
FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2010

Belanger Clarke
Follett & McGettigan
CHARTERED ACCOUNTANTS BUSINESS ADVISORS

221 Memorial Drive
Clarenville, NL
A5A 1R3

AUDITORS' REPORT

To the Board of Directors of **Grenfell Foundation Incorporated**

We have audited the balance sheet of **Grenfell Foundation Incorporated** as at March 31, 2010 and the statements of changes in net assets, operations and cash flow for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Foundation derives certain of its revenue from the general public in the form of donations and other fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amount recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to revenue, operations, assets and net assets.

In our opinion, except for the effect of any adjustments, if any, we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenues referred to in the previous paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2010 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Belanger Clarke Follett & McGettigan

Clarenville, Newfoundland and Labrador
June 1, 2010

CHARTERED ACCOUNTANTS

GRENFELL FOUNDATION INCORPORATED
BALANCE SHEET
AS AT MARCH 31, 2010

	2010 $	2009 $
ASSETS		
Current		
Cash		
Unrestricted	382,300	368,186
Restricted for endowment purposes	778,231	778,231
Receivables	19,854	18,631
	1,180,385	1,165,048
LIABILITIES		
Current		
Due to Labrador - Grenfell Regional Health Authority	30,955	185,242
Deferred contributions	4,000	4,000
	34,955	189,242
NET ASSETS, PER ACCOMPANYING STATEMENT		
Net assets restricted for endowment purposes	778,231	778,231
Unrestricted net assets	367,199	197,575
	1,145,430	975,806
	1,180,385	1,165,048

Signed on behalf of the Board:

Trustee

Trustee

GRENFELL FOUNDATION INCORPORATED
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2010

	2010			
	Endowment Purposes	Unrestricted Operating	Total 2010	Total 2009
	$	$	$	$
Balance, beginning	778,231	197,575	975,806	879,761
Excess of revenues over expenditures	-	169,624	169,624	96,045
Balance, ending	778,231	367,199	1,145,430	975,806

GRENFELL FOUNDATION INCORPORATED
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2010

	2010 $	2009 $
Revenues		
Donations	178,189	269,014
Fundraising	27,937	25,691
Interest	39,385	39,804
Miscellaneous	1,696	4,946
	247,207	339,455
Expenditures		
Advertising and promotion	6,126	328
Donations to Labrador - Grenfell Regional Health Authority (Note 3)	23,493	170,702
Fundraising	15,847	12,858
Office	3,269	-
Salaries and wages	28,706	21,271
Supplies	142	32,218
Travel	-	6,033
	77,583	243,410
Excess of revenues over expenditures	169,624	96,045

GRENFELL FOUNDATION INCORPORATED
STATEMENT OF CASH FLOW
YEAR ENDED MARCH 31, 2010

	2010 $	2009 $
Cash Flows		
Operations:		
Excess of revenues over expenditures	169,624	96,045
Changes in:		
Receivables	-1,222	-1,363
Due to (from) operating fund	-154,288	15,210
	14,114	109,892
Net change in cash and cash equivalents for year	14,114	109,892
Cash and cash equivalents, beginning of year	1,146,417	1,036,525
Cash and cash equivalents, end of year	1,160,531	1,146,417

Cash and cash equivalents consists of:

	2010 $	2009 $
Cash - unrestricted	382,300	368,186
Cash - restricted form endowment purposes	778,231	778,231
	1,160,531	1,146,417

GRENFELL FOUNDATION INCORPORATED
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2010

1. NATURE OF OPERATIONS

The Foundation is incorporated under the laws of the Province of Newfoundland and Labrador and is a not-for-profit organization which raises funds to help the Labrador - Grenfell Regional Health Authority purchase capital equipment.

The Foundation is a charitable organization as defined in the Income Tax Act (Canada) and issues charitable receipts for donations received.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Outlined below are those policies considered particularly significant by the Authority.

Pledges

Revenue from pledges is recognized in the year received since donations are recorded on a cash basis.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

3. DONATIONS TO LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY FOR THE PURCHASE OF CAPITAL EQUIPMENT

	2010 $	2009 $
Acute Care Bed	-	5,924
Air Eliminator	220	-
Anesthesia System	-	50,000
Bi-pap Vision Machine	21,000	-
Blanket Warmer	3,961	-
Defibrillators	11,388	-
Dental Drill	3,315	-
ENT Surgical Headlight	2,659	-
EZ Glide Chair	6,812	-
Haag-Streit Site Lamp (see below)	(17,393)	34,786
IV Adaptor	722	-
IV Pump	3,900	-
Nidex Digital Fundus Camera (see below)	(18,429)	36,858
Oxygen Concentrator	887	-
Pressure Reduction Mattress	4,572	-
Sleep Apnea Recorder	2,401	-
Tono-Pen Tonometer (see below)	(2,522)	5,044
Ventilators	-	38,090
	23,493	170,702

During the prior year, the Foundation funded three pieces of equipment at 100%, that should have been funded at 50%. During 2009 - 2010, Labrador Grenfell Health refunded this overpayment to the Foundation.

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR

FINANCIAL STATEMENTS

31 MARCH 2010

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Chairperson and Members
Heritage Foundation of
Newfoundland and Labrador
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Heritage Foundation of Newfoundland and Labrador as at 31 March 2010 and the statements of revenues, expenses and fund balance, and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at 31 March 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
15 June 2010

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR

BALANCE SHEET

31 March	2010	2009
ASSETS		
Current		
Cash	$ 73,723	$ 23,728
Investments (Note 2)	1,151,210	1,012,140
Accounts receivable (Note 3)	51,355	21,915
Investment income receivable	32,165	12,407
Prepaid expenses	374	8,522
	1,308,827	1,078,712
Capital assets (Note 4)	-	-
	$ 1,308,827	$1,078,712
LIABILITIES AND FUND BALANCE		
Current		
Accounts payable and accrued liabilities	$ 35,410	$ 51,176
Deferred revenue (Note 5)	760,233	750,176
Accrued severance pay	61,934	57,399
	857,577	858,751
Fund balance (Note 6)	451,250	219,961
	$ 1,308,827	$1,078,712

Grant commitments (Note 9)

Signed on behalf of the Foundation: ______________ **Chairperson** ______________ **Member**

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF REVENUES, EXPENSES AND FUND BALANCE
For the Year Ended 31 March

	2010		2009
	Actual	Budget	Actual
REVENUES			
Government of Canada (Note 7)	$ 208,080	$ 228,066	$ 249,733
Province of Newfoundland and Labrador (Note 5)	676,931	627,000	493,753
Investment income	48,828	25,000	27,399
Miscellaneous	9,275	24,915	2,471
	943,114	904,981	773,356
EXPENSES			
Board travel and meetings	6,695	16,200	7,054
Church conference	1,865	-	31,168
Easement registration	404	700	404
Fisheries Heritage Preservation Initiative	39,554	75,000	40,941
Heritage districts	7,423	1,500	1,394
Heritage grants	95,289	200,000	97,346
Historic Places Initiative (Note 7)	208,080	228,066	249,733
Intangible Cultural Heritage Strategy (Note 8)	129,020	136,580	101,537
Miscellaneous	6,566	6,800	5,357
Office supplies	2,181	5,000	4,843
Other projects	40,000	40,000	-
Plaquing	1,746	6,000	5,084
Professional fees	5,100	3,500	6,420
Public relations	1,035	1,500	1,335
Salaries and benefits	165,250	170,326	169,885
Special projects	-	1,000	500
Telephone	1,582	1,500	1,469
Travel	35	3,400	3,243
	711,825	897,072	727,713
Excess of revenues over expenses	231,289	7,909	45,643
Fund balance, beginning of year	219,961	219,961	174,318
Fund balance, end of year	$ 451,250	$ 227,870	$ 219,961

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR

STATEMENT OF CASH FLOWS

For the Year Ended 31 March	2010	2009
Cash flows from operating activities		
Excess of revenues over expenses	$ 231,289	$ 45,643
Changes in non-cash working capital		
Accounts receivable	(29,440)	176,309
Investment income receivable	(19,758)	1,486
Prepaid expenses	8,148	(8,157)
Accounts payable and accrued liabilities	(15,766)	7,163
	174,473	222,444
Increase in deferred revenue (Note 5)	10,057	154,705
Increase in accrued severance pay	4,535	16,552
	189,065	393,701
Cash flows from investing activities		
Purchase of capital assets from capital contributions	(2,998)	(17,109)
Cash flows from financing activities		
Contribution from Government of Canada to purchase capital assets (Note 7)	2,998	17,109
Net increase in cash and cash equivalents	189,065	393,701
Cash and cash equivalents, beginning of year	1,035,868	642,167
Cash and cash equivalents, end of year	$ 1,224,933	$ 1,035,868
Cash and cash equivalents include:		
Cash	$ 73,723	$ 23,728
Investments	1,151,210	1,012,140
	$ 1,224,933	$ 1,035,868

Authority

The Heritage Foundation of Newfoundland and Labrador (the Foundation) operates under the authority of the *Historic Resources Act*. Its affairs are managed by members of the Foundation appointed by the Lieutenant-Governor in Council.

The objectives of the Foundation are:

(a) to stimulate an understanding of and appreciation for the architectural heritage of the Province;

(b) to support and contribute to the preservation, maintenance and restoration of buildings and other structures of architectural or historical significance in the Province; and

(c) to contribute to the increase and diffusion of knowledge about the architectural heritage of the Province.

1. Significant accounting policies

These financial statements have been prepared by the Foundation's management in accordance with Canadian generally accepted accounting principles. The budget disclosed in these financial statements is presented on a cash basis. Outlined below are the significant accounting policies followed.

(a) Capital assets

Capital assets consist of systems development and office and computer equipment which were capitalized at cost at the time of acquisition and now have a net book value of $0. Contributions toward the acquisition of capital assets are deducted from the related capital asset cost with any amortization calculated on the net amount over a period of five years from the date of acquisition.

Minor capital asset purchases are charged to operations in the year of acquisition.

(b) Investments

Investments are recorded at cost, which because of their short-term nature approximates market value.

(c) Severance pay

Severance pay is calculated based on years of service and current salary levels. Entitlement to severance pay vests with employees after nine years of continuous service. Accordingly no provision has been made for employees with less than nine years of continuous service. The amount is payable when the employee ceases employment with the Foundation unless the employee transfers to another entity in the public service, in which case the liability is transferred with the employee to the other entity.

(d) Investment income

Investment income is recorded as earned

2. Investments

	2010		2009
	Cost	Market Value	Cost
Short-term investments	$ 1,151,210	$ 1,151,210	$ 1,012,140

Investments consist of guaranteed investment certificates, with maturity dates ranging from 8 October 2010 to 15 October 2010 and interest rates ranging from 5.5% to 6.0%.

3. Accounts receivable

	2010	2009
Province of Newfoundland and Labrador	$ 34,275	$ -
Harmonized sales tax	17,080	21,915
	$ 51,355	$ 21,915

4. Capital assets

	Cost 31 March 2009	Additions 2010	Cost 31 March 2010	Capital Contributions 31 March 2010	Net Book Value 31 March 2010	Net Book Value 31 March 2009
Systems development	$ 265,691	$ 1,405	$ 267,096	$ 267,096	$ -	$ -
Office and computer equipment	63,965	1,593	65,558	65,558	-	-
	$ 329,656	$ 2,998	$ 332,654	$ 332,654	$ -	$ -

5. Deferred revenue

Deferred revenue as at 31 March 2010 consists of contributions received from the Province of Newfoundland and Labrador and the Government of Canada to be used for the payment of heritage grants and other heritage initiatives as directed by the Province.

5. Deferred revenue (cont.)

	2010	2009
Balance, beginning of year	$ 750,176	$ 595,471
Contribution from Province of Newfoundland and Labrador:		
Operating expenses and payment of heritage grants	495,000	457,000
Fisheries Heritage Preservation Initiative	75,000	75,000
Intangible Cultural Heritage Strategy	100,000	75,000
Contribution from Government of Canada:		
Historic Places Initiative	225,068	291,191
	895,068	898,191
Less: Contributions recognized in income during year:		
Province of Newfoundland and Labrador:		
Operating expenses and payment of heritage grants	(318,046)	(334,346)
Fisheries Heritage Preservation Initiative	(53,775)	(57,870)
Intangible Cultural Heritage Strategy	(116,758)	(101,537)
Other projects	(40,000)	-
Historic Places Initiative - remaining balance at conclusion of the Initiative	(148,352)	-
	(676,931)	(493,753)
Government of Canada:		
Historic Places Initiative	(208,080)	(249,733)
	(885,011)	(743,486)
Increase during the year	10,057	154,705
Balance, end of year	$ 760,233	$ 750,176

6. Fund balance

Section 25 of the *Historic Resources Act* requires the Foundation to maintain a Fund of monies voted to it by the Legislature and of other monies received by way of gift, bequest, donation or otherwise. Disbursements from the Fund may be made by the Foundation for the purposes set out in the Legislation.

7. Government of Canada

On 4 April 2003, the Province entered into a Contribution Agreement with the Government of Canada to fund the Historic Places Initiative. The objectives of the Contribution Agreement are to develop an online Provincial Registry of Historic Places and to develop and implement programs related to promoting and integrating the Historic Places Initiative at the Provincial level in Newfoundland and Labrador.

The Province has appointed the Foundation to administer this Initiative on its behalf. During the year the Foundation recognized revenue relating to this Initiative in the amount of $208,080 (2009 - $249,733). In addition, the Foundation received capital contributions in the amount of $2,998 (2009 - $17,109) relating to this Initiative. This amount was applied towards the acquisition costs of systems development and office and computer equipment.

The Agreement concluded as at 31 March 2010. The Province has directed that the remaining balance of $148,352 in deferred revenue as at 31 March 2010 related to the Agreement be used for other programs of the Foundation.

8. Intangible Cultural Heritage Strategy

In 2008, the Province appointed the Foundation to lead and implement the Province's Intangible Cultural Heritage Strategy. The mission of the Strategy is to safeguard and sustain the Intangible Cultural Heritage of Newfoundland and Labrador for present and future generations everywhere, as a vital part of the identities of Newfoundlanders and Labradorians, and as a valuable collection of unique knowledge and customs. During the year the Foundation received a contribution of $100,000 (2009 - $75,000) from the Province in support of this Strategy and recognized $116,758 (2009 - $101,537) in income in accordance with expenses incurred of $129,020 (2009 - $101,537) related to the Strategy.

9. Grant commitments

As at 31 March 2010, the Foundation had committed $244,000 (2009 - $235,661) in the form of heritage grants approved but not yet disbursed or rescinded. Future disbursements related to these heritage grants will be recorded as reductions to deferred revenue. The Foundation adopted a policy with respect to heritage grant commitments requiring that all grants approved will be available for a period of two years from the date of grant approval. Clients not utilizing the heritage grants within this timeframe will forfeit their right to these heritage grants, unless an extension is granted.

As at 31 March 2010, the Foundation had also committed $21,000 (2009 - $28,750) in the form of Fisheries Heritage Preservation Initiative grants approved but not yet disbursed or rescinded. Future disbursements related to these Fisheries Heritage Preservation Initiative grants will be recorded as reductions to deferred revenue. The Foundation's policy with respect to Fisheries Heritage Preservation Initiative grant commitments requires that all grants approved will be available for a period of one year from the date of grant approval. Clients not utilizing the Fisheries Heritage Preservation Initiative grants within this timeframe will forfeit their right to these grants, unless an extension is granted.

10. Operating lease obligation

Office equipment has been leased by the Foundation. Minimum lease payments for the next year are as follows:

2011	$ 2,099

11. Related party transactions

The Foundation leases office space from the Province of Newfoundland and Labrador at an annual rate of $1.

12. Financial instruments

The Foundation's financial instruments recognized on the balance sheet consist of cash, investments, accounts receivable, investment income receivable and accounts payable and accrued liabilities. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them. Accounts receivable is due from the Government of Canada and the Province of Newfoundland and Labrador and therefore there is no credit risk associated with this amount.

13. Economic dependence

As a result of its reliance on future transfers from the Province of Newfoundland and Labrador to fund its operations, the Foundation's ability to continue operations is dependent upon the decisions of Government.

14. Income taxes

The Foundation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

LABRADOR-GRENFELL REGIONAL HEALTH AUTHORITY

AUDITORS' REPORT
AND
CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2010

Belanger Clarke
Follett & McGettigan
CHARTERED ACCOUNTANTS · BUSINESS ADVISORS

221 D Memorial Drive
Clarenville, NL
A5A 1R3

To the Trustees of the Labrador - Grenfell Regional Health Authority

We have audited the Consolidated Statement of Financial Position for the Labrador - Grenfell Regional Health Authority at March 31, 2010 and the Consolidated Statement of Operations, the Consolidated Statement of Cash Flow and the Consolidated Statement of Change in Net Assets for the year then ended. These consolidated financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the ***Labrador - Grenfell Regional Health Authority*** at March 31, 2010 and the results of its operations and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Belanger Clarke Follett & McGettigan

Clarenville, Newfoundland
June 1, 2010

Belanger Clarke Follett & McGettigan
Chartered Accountants

LABRADOR GRENFELL REGIONAL HEALTH AUTHORITY

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2010

	2010 $	2009 $
ASSETS		
Current		
Cash	476,048	419,809
Restricted cash (Note 3)	1,690,616	1,554,744
Receivables (Note 4)	11,952,872	12,115,472
Inventories (Note 2)	2,191,532	1,532,711
Prepaid expenses	2,030,617	2,347,477
	18,341,685	17,970,213
Residents' Trust Funds held on deposit	175,694	165,903
Replacement reserve (Note 2 and 7)	89,635	78,992
Capital assets (Notes 2 and 5)	26,519,861	23,133,284
	45,126,875	41,348,392
LIABILITIES		
Current		
Bank indebtedness (Note 6)	1,669,870	5,050,379
Payables and accruals	10,204,619	12,131,111
Accrued vacation pay	6,278,128	5,730,926
Other accrual benefits	2,451,206	2,261,680
Deferred contributions		
Operating	4,273,935	3,095,383
National Child Benefit (NCB) initiatives	2,606,526	2,388,454
Capital	15,977,573	13,152,701
Special purpose funds	700,299	564,428
Current portion of accrued severance pay (estimated)	1,011,818	928,115
Current portion of long-term debt (Note 8)	112,791	103,731
	45,286,765	45,406,908
Residents' Trust Funds payable	175,694	165,903
Accrued severance pay, less estimated current portion	9,106,361	8,353,038
Replacement reserve (Note 2 and 7)	89,635	78,992
Long-term debt (Note 8)	2,367,399	2,486,345
Deferred contributions related to capital assets (Note 9)	23,075,849	19,552,457
	80,101,703	76,043,643
NET ASSETS, PER ACCOMPANYING STATEMENT		
Net assets invested in capital assets	1,029,233	1,088,332
Net assets restricted for endowment purposes	994,317	994,317
Unrestricted net assets	(36,998,378)	(36,622,354)
	(34,974,828)	(34,539,705)
	45,126,875	41,503,938

Signed on Behalf of the Board

Trustee

Trustee

LABRADOR GRENFELL REGIONAL HEALTH AUTHORITY
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2010

	2010				
	Invested in Capital Assets $	Endowment Purposes $	Unrestricted Operating $	Total 2010 $	Total 2009 $
Balance, beginning	1,094,152	994,317	(36,783,720)	(34,695,251)	(34,539,705)
Excess (deficiency) of revenues over expenditures	(174,231)	-	(105,346)	(279,577)	(155,546)
Investment in capital assets (Note 10)	109,312	-	(109,312)	-	-
Balance, ending	1,029,233	994,317	(36,998,378)	(34,974,828)	(34,695,251)

LABRADOR GRENFELL REGIONAL HEALTH AUTHORITY
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2010

	2010 $	2009 $
Revenues		
Provincial plan	126,386,281	112,139,819
National Child Benefit	3,220,895	2,955,109
Transportation and Works	2,867,600	2,867,600
MCP physicians	13,948,164	13,047,348
Child Youth and Family Services Agreement	8,117,941	8,047,696
Inpatient	2,007,040	1,987,311
Outpatient	1,123,896	1,004,442
Long-term care	1,350,001	1,331,487
Other (Note 11)	7,095,106	7,415,179
	166,116,924	150,795,991
Expenditures		
Administration	17,596,323	16,690,949
Support services	29,751,924	28,759,520
Nursing inpatient services	24,543,723	21,102,075
Ambulatory care services	18,512,131	15,723,202
Diagnostic and therapeutic services	14,456,832	12,915,824
Community and social services	43,151,980	39,059,169
Medical services	15,701,680	14,784,928
Research	118,341	76,448
Education	720,045	594,578
Undistributed	701,568	731,262
	165,254,547	150,437,955
Surplus (deficit) before other operations	862,377	358,036
12 Unit Cottage Project (net)	-	-
20 Unit Cottage Project (net)	(14,106)	(18,054)
Grenfell Foundation Inc. (net)	169,624	96,045
	155,518	77,991
Surplus (deficit) before non-shareable items	1,017,895	436,027
Non-shareable items		
Amortization	4,184,347	3,335,400
Increase in accrued vacation pay	487,563	483,414
Increase in accrued severance pay	717,376	13,976
Amortization of deferred contributions	(4,091,814)	(3,241,217)
	1,297,472	591,573
Deficiency of revenues over expenditures	(279,577)	(155,546)

LABRADOR GRENFELL REGIONAL HEALTH AUTHORITY
CONSOLIDATED STATEMENT OF CASH FLOW
YEAR ENDED MARCH 31, 2010

	2010 $	2009 $
Cash Flows		
Operations:		
Excess (deficiency) of revenues over expenditures	(279,577)	(155,546)
Amortization	4,184,347	3,335,400
Gain on disposal of assets	(1,785)	
Amortization of deferred contributions	(4,091,814)	(3,241,217)
Unamortized contributions on assets disposed	(42,624)	-
	(231,453)	(61,363)
Changes in:		
Receivables	162,600	2,749,398
Inventories	(658,821)	(213,234)
Prepaid expenses	316,860	(601,348)
Payables and accruals	(1,734,395)	3,828,412
Accrued vacation pay	547,202	480,099
Deferred contributions relating to operating and NCB program	1,396,624	521,825
Accrued severance pay	837,026	13,976
	635,643	6,717,765
Investing Activities		
Proceeds from the sale of capital assets	1,785	5,124
Additions to capital assets	(7,573,495)	(4,072,996)
	(7,571,710)	(4,067,872)
Financing Activities		
Deferred contributions		
Capital	2,824,872	9,506,908
Special purpose funds	135,871	(53,906)
Repayment of long-term debt	(109,886)	(100,275)
Deferred contributions related to capital assets	7,657,830	4,067,878
	10,508,687	13,420,605
Net change in cash and cash equivalents for year	3,572,620	16,070,498
Cash and cash equivalents, beginning of year	(3,075,826)	(19,146,324)
	496,794	(3,075,826)

Cash and cash equivalents consists of:

	2,010 $	2,009 $
Cash and short-term investments	476,048	419,809
Restricted cash	1,690,616	1,554,744
Bank indebtedness (Note 5)	(1,669,870)	(5,050,379)
	496,794	(3,075,826)

1. NATURE OF OPERATIONS

The Authority manages and operates all health facilities, services and programs in Northern Newfoundland and all of Labrador.

The Authority manages and controls the operations of the following facilities:

Labrador Health Centre, Happy Valley-Goose Bay
Harry L. Paddon Memorial Home, Happy Valley - Goose Bay
Captain William Jackman Memorial Hospital, Labrador City
Charles S. Curtis Memorial Hospital, St. Anthony
John M. Gray Centre, St. Anthony
St. Anthony Interfaith Home Apartment Complexes, St. Anthony

and all medical clinics, nursing stations, community health centres, facilities programs and services in the geographic area.

The operations of the Authority are primarily funded by the Government of Newfoundland and Labrador (the Government).

The Authority is incorporated under the Hospitals Act of Newfoundland and Labrador.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Outlined below are those policies considered particularly significant by the Authority.

Fund Accounting

The combined funds are reported in the consolidated financial statements.

Assets, liabilities, revenues and expenditures related to the delivery and administration of health services are reported in the operating financial statements.

Assets, liabilities, revenues and expenditures related to other operations are reported in the financial statements of the 12 Unit Cottage Project, 20 Unit Cottage Project and the Grenfell Foundation Inc.

Revenue Recognition

The Authority follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue, when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions related to capital assets are deferred and amortized to revenue at the same rates by which the related capital assets are amortized.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventories consist of medical, surgical, general supplies, fuel oil, aircraft parts and pharmaceuticals.

Medical, surgical and general supplies are valued at the lower of cost, determined on an average cost basis and net realizable value.

Fuel oil, aircraft parts and drugs are valued at the lower of cost, determined on a first-in, first-out basis and net realizable value.

Capital Assets

The Authority has control over certain land, buildings and equipment, with the title resting with the Government and consequently these assets are not recorded under capital assets.

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution.

Capital assets are being amortized on a declining balance basis over their estimated useful lives at the following rates:

Land improvements	20%
Buildings	5%
Leasehold improvements	5%
Equipment and vehicles	20%
Artwork	0%

In addition, the Harry L. Paddon Memorial Home and capital assets are amortized at a rate equal to the annual principal reduction of the mortgage related to these properties. This is in accordance with an operating agreement with Newfoundland and Labrador Housing Corporation.

Replacement Reserve

Newfoundland and Labrador Housing Corporation (NLHC) requires that not-for-profit housing groups maintain a Replacement Reserve Fund which is to be used to fund major maintenance and the purchase of capital assets. These funds may be used as approved by NLHC. Withdrawals are charged to interest first and then principal.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Severance Pay

The liability for severance pay is recorded in the accounts for all employees who have a vested right to receive such a payment. No provision for the ultimate severance pay liability is made in the accounts for any employees who has less than nine years of continual service.

Pension and Other Post Employment Benefits

Employees of the Authority are included in the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government. The Government also provides for the continuation of certain dental and medical benefits for retirees. Contributions to the plans are required from both the employees and the Authority. The annual contributions for pensions and other post employment benefits are recognized in the accounts on a current basis.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

3. RESTRICTED CASH

	2010 $	2009 $
Cash is currently restricted to fund the following items:		
Deferred contributions - special purpose funds	696,299	560,427
Endowment Fund	994,317	994,317
	1,690,616	1,554,744

LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2010

4. RECEIVABLES

	2010 $	2009 $
Government of Newfoundland and Labrador	6,154,485	7,313,270
Government of Canada	1,896,761	1,148,785
Patient	2,319,766	2,115,198
Other	1,581,860	1,538,219
	11,952,872	12,115,472

5. CAPITAL ASSETS

	2010 $	2009 $
Cost		
Land	11,203	11,203
Land improvements	187,061	187,061
Buildings	25,841,350	25,167,721
Leasehold improvements	223,678	223,678
Equipment and vehicles	54,645,972	48,220,643
Artwork	195,714	195,714
	81,104,978	74,006,020
Accumulated Amortization		
Land	-	-
Land improvements	155,032	153,237
Buildings	14,513,614	13,947,628
Leasehold improvements	80,983	73,473
Equipment and vehicles	39,835,488	36,698,398
Artwork	-	-
	54,585,117	50,872,736
Net Book Value		
Land	11,203	11,203
Land improvements	32,029	33,824
Buildings	11,327,736	11,220,093
Leasehold improvements	142,695	150,205
Equipment and vehicles	14,810,484	11,522,245
Artwork	195,714	195,714
	26,519,861	23,133,284

6. BANK INDEBTEDNESS

The Authority has access to a $19.0 million line of credit in the form of a revolving demand loan bearing interest at prime with the Royal Bank of Canada. The line of credit has been approved by the Minister of Health and Community Services. In addition, this line of credit carries a Province of Newfoundland and Labrador guarantee for $9 million up to $19 million with the first $10 million being unsecured.

7. REPLACEMENT RESERVE

	2010 $	2009 $
Balance, beginning	78,992	71,495
Add:		
Allocation for year	10,350	10,350
Adjustment	293	-
Interest earned	-	127
	89,635	81,972
Less:		
Approved expenditures	-	2,980
Balance, ending	89,635	78,992
Funding		
Replacement reserve funds	22,335	11,692
Due from Newfoundland and Labrador Housing Corporation for replacement reserve	67,300	67,300
	89,635	78,992

8. LONG-TERM DEBT

	2010 $	2009 $
Canada Mortgage Housing Corporation		
10%, first mortgage on land and building of Harry L. Paddon Memorial Home, repayable $11,245 monthly, interest included, and maturing November 2029.	1,176,381	1,194,786
Newfoundland and Labrador Housing Corporation		
2.860% first mortgage on land and building of 20 unit apartment complex, repayable $6,357 monthly, interest included, and maturing January 2019.	612,032	672,336
4.31% first mortgage on land and building of 12 unit apartment complex, repayable $5,073 monthly, interest included, and maturing October 2025.	691,777	722,954
Long-term debt	2,480,190	2,590,076
Less: Current Portion	112,791	103,731
Total long-term debt, net of current portion	2,367,399	2,486,345

The aggregate amount of principal payments estimated to be required in each of the next five years is as follows:

	$
2011	112,791
2012	112,842
2013	118,081
2014	124,219
2015	132,368

Interest Subsidy

The Authority has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 56.1 of the National Housing Act. The purpose of the assistance is to reduce operating costs in order to enable the Authority to provide housing to low and moderate income individuals. The amount of assistance received in 2009 was $65,519 (2009-$72,684)

9. UNAMORTIZED DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets represent restricted contributions with which capital assets were originally purchased. The changes in the deferred contributions for the year are as follows:

	2010 $	2009 $
Balance, beginning	50,248,457	18,721,796
Add:		
Equipment grants	7,398,261	34,106,366
Donations for equipment	263,569	661,512
	57,910,287	53,489,674
Less:		
Amortization	4,091,814	3,241,217
Unamortized contributions on assets disposed	42,624	-
Balance, ending	53,775,849	50,248,457

10. INVESTMENT IN CAPITAL ASSETS

	2010 $	2009 $
Repayment of long-term debt	109,312	100,275

11. OTHER REVENUE

	2010 $	2009 $
Drug recoveries	3,066,161	3,316,700
Dental	1,113,544	1,208,391
Rentals	830,831	813,532
Mortgage interest subsidy	25,205	25,205
Interest	35,388	47,532
Unamortized contribution on assets disposed	42,624	-
Miscellaneous	1,981,353	2,003,819
	7,095,106	7,415,179

12. CONTINGENCIES

As of March 31, 2010, there were a number of legal claims against the Authority in varying amounts for which no provision has been made. It is not possible to determine the amounts, if any, that may ultimately be assessed against the Authority with respect to these claims, but management believes any claims, if successful, will be covered by liability insurance.

13 COMPARATIVE FIGURES

Certain of the comparative figures has been reclassified to conform to the current presentation.

LABRADOR-GRENFELL REGIONAL HEALTH AUTHORITY

OPERATING

AUDITORS' REPORT
AND
CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2010

Belanger Clarke
Follett & McGettigan
CHARTERED ACCOUNTANTS BUSINESS ADVISORS

221 D Memorial Drive
Clarenville, NL
A5A 1R3

To the Trustees of the Labrador - Grenfell Regional Health Authority

We have audited the Statement of Financial Position for the Labrador - Grenfell Regional Health Authority at March 31, 2010 and the Statement of Operations, the Statement of Cash Flow and the Statement of Change in Net Assets for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the ***Labrador - Grenfell Regional Health Authority*** at March 31, 2010 and the results of its operations and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Belanger Clarke Follett & McGettigan

Clarenville, Newfoundland
June 1, 2010

Belanger Clarke Follett & McGettigan
Chartered Accountants

LABRADOR GRENFELL REGIONAL HEALTH AUTHORITY
OPERATING
BALANCE SHEET
AS AT MARCH 31, 2010

	2010 $	2009 $
ASSETS		
Current		
Restricted cash (Note 3)	912,385	776,513
Receivables (Note 4)	12,278,781	12,536,746
Inventories (Note 2)	2,191,532	1,532,711
Prepaid expenses	2,021,977	2,338,837
	17,404,675	17,184,807
Residents' Trust Funds held on deposit	175,694	165,903
Capital assets (Notes 2 and 5)	25,195,755	21,718,272
	42,776,124	39,068,982
LIABILITIES		
Current		
Bank indebtedness (Note 6)	1,669,870	5,050,379
Payables and accruals	10,203,149	12,130,302
Accrued vacation pay	6,278,128	5,730,926
Other accrual benefits	2,451,206	2,261,680
Deferred contributions		
Operating	4,273,935	3,095,383
National Child Benefit (NCB) initiatives	2,606,526	2,388,454
Capital	15,977,573	13,152,701
Special purpose funds	696,299	560,428
Current portion of accrued severance pay (estimated)	1,011,818	928,115
Current portion of long-term debt (Note 7)	19,864	18,406
	45,188,368	45,316,774
Residents' Trust Funds payable	175,694	165,903
Accrued severance pay, less estimated current portion	9,106,361	8,353,038
Long-term debt (Note 7)	1,156,517	1,176,380
Deferred contributions related to capital assets (Note 8)	23,075,849	19,548,457
	78,702,789	74,560,552
NET ASSETS, PER ACCOMPANYING STATEMENT		
Net assets invested in capital assets	936,700	1,010,827
Net assets restricted for endowment purposes	216,086	216,086
Unrestricted net assets	(37,079,451)	(36,718,483)
	(35,926,665)	(35,491,570)
	42,776,124	39,068,982

Signed on behalf of the Board:

Trustee

Trustee

LABRADOR GRENFELL REGIONAL HEALTH AUTHORITY

OPERATING

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2010

	2010				
	Invested in Capital Assets $	Endowment Purposes $	Unrestricted Operating $	Total 2010 $	Total 2009 $
Balance, beginning	1,010,827	216,086	(36,718,483)	(35,491,570)	(35,261,348)
Excess (deficiency) of revenues over expenditures	(92,533)	-	(342,562)	(435,095)	(230,222)
Investment in capital assets (Note 9)	18,406	-	(18,406)	-	-
Balance, ending	936,700	216,086	(37,079,451)	(35,926,665)	(35,491,570)

LABRADOR GRENFELL REGIONAL HEALTH AUTHORITY

OPERATING

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2010

	2010	2009
	$	$
Revenues		
Provincial plan	126,386,281	112,139,819
National Child Benefit	3,220,895	2,955,109
Transportation and Works	2,867,600	2,867,600
MCP physicians	13,948,164	13,047,348
Child Youth and Family Services Agreement	8,117,941	8,047,696
Inpatient	2,007,040	1,987,311
Outpatient	1,123,896	1,004,442
Long-term care	1,350,001	1,331,487
Other (Note 10)	7,095,106	7,415,179
	166,116,924	150,795,991
Expenditures		
Administration	17,596,356	16,690,949
Support services	29,751,923	28,759,520
Nursing inpatient services	24,543,723	21,102,075
Ambulatory care services	18,512,131	15,723,202
Diagnostic and therapeutic services	14,456,800	12,915,824
Community and social services	43,151,980	39,059,169
Medical services	15,701,680	14,784,928
Research	118,341	76,448
Education	720,045	594,578
Undistributed	701,568	731,262
	165,254,547	150,437,955
Surplus (deficit) before non-shareable items	862,377	358,036
Non-shareable items		
Amortization	4,184,347	3,335,400
Increase in accrued vacation pay	487,563	480,099
Increase in accrued severance pay	717,376	13,976
Amortization of deferred contributions	(4,091,814)	(3,241,217)
	1,297,472	588,258
Deficiency of revenues over expenditures	(435,095)	(230,222)

LABRADOR GRENFELL REGIONAL HEALTH AUTHORITY
OPERATING
STATEMENT OF CASH FLOW
YEAR ENDED MARCH 31, 2010

	2010 $	2009 $
Cash Flows		
Operations:		
Excess (deficiency) of revenues over expenditures	(435,095)	(230,222)
Amortization	4,184,347	3,335,400
Loss on disposal of assets	(1,785)	-
Amortization of deferred contributions	(4,091,814)	(3,241,217)
Unamortized contributions on assets disposed	(42,624)	-
	(386,971)	(136,039)
Changes in:		
Receivables	257,965	2,195,196
Due from cottages projects	-	-
Inventories	(658,821)	213,234
Prepaid expenses	316,860	(601,348)
Payables and accruals	(1,737,626)	3,827,518
Accrued vacation pay	547,202	480,099
Deferred contributions relating to operating and NCB program	1,396,624	521,825
Accrued severance pay	837,026	13,976
	572,259	6,514,461
Investing Activities		
Proceeds from the sale of capital assets	1,785	5,124
Additions to capital assets	(7,661,830)	(4,072,996)
	(7,660,045)	(4,067,872)
Financing Activities		
Deferred contributions		
Capital	2,824,872	9,506,908
Special purpose funds	135,871	(53,906)
Repayment of long-term debt	(18,406)	(16,950)
Deferred contributions related to capital assets	7,661,830	4,067,878
	10,604,167	13,503,930
Net change in cash and cash equivalents for year	3,516,381	15,950,519
Cash and cash equivalents, beginning of year	(4,273,866)	(20,224,385)
	(757,485)	(4,273,866)

Cash and cash equivalents consists of:

	2010 $	2009 $
Restricted cash (Note 3)	912,385	776,513
Bank indebtedness (Note 5)	(1,669,870)	(5,050,379)
	(757,485)	(4,273,866)

LABRADOR-GRENFELL REGIONAL HEALTH AUTHORITY
OPERATING
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2010

1. NATURE OF OPERATIONS

The Authority manages and operates all health facilities, services and programs in Northern Newfoundland and all of Labrador.

The Authority manages and controls the operations of the following facilities:

Labrador Health Centre, Happy Valley-Goose Bay
Harry L. Paddon Memorial Home, Happy Valley - Goose Bay
Captain William Jackman Memorial Hospital, Labrador City
Charles S. Curtis Memorial Hospital, St. Anthony
John M. Gray Centre, St. Anthony

and all medical clinics, nursing stations, community health centres, facilities programs and services in the geographic area.

The operations of the Authority are primarily funded by the Government of Newfoundland and Labrador (the Government).

The Authority is incorporated under the Hospitals Act of Newfoundland and Labrador.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Outlined below are those policies considered particularly significant by the Authority.

Revenue Recognition

The Authority follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue, when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions related to capital assets are deferred and amortized to revenue at the same rates by which the related capital assets are amortized.

Inventories

Inventories consist of medical, surgical, general supplies, fuel oil, aircraft parts and pharmaceuticals.

Medical, surgical and general supplies are valued at the lower of cost, determined on an average cost basis and net realizable value.

Fuel oil, aircraft parts and pharmaceuticals are valued at the lower of cost, determined on a first-in, first-out basis and net realizable value.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

The Authority has control over certain land, buildings and equipment, with the title resting with the Government and consequently these assets are not recorded under capital assets.

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution.

Capital assets are being amortized on a declining balance basis over their estimated useful lives at the following rates:

Land improvements	20%
Buildings	5%
Leasehold improvements	5%
Equipment and vehicles	20%
Artwork	0%

In addition, the Harry L. Paddon Memorial Home and capital assets are amortized at a rate equal to the annual principal reduction of the mortgage related to these properties. This is in accordance with an operating agreement with Newfoundland and Labrador Housing Corporation.

Severance Pay

The liability for severance pay is recorded in the accounts for all employees who have a vested right to receive such a payment. No provision for the ultimate severance pay liability is made in the accounts for any employees who have less than nine years of continual service.

Pension and Other Post Employment Benefits

Employees of the Authority are included in the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government. The Government also provides for the continuation of certain dental and medical benefits for retirees. Contributions to the plans are required from both the employees and the Authority. The annual contributions for pensions and other post employment benefits are recognized in the accounts on a current basis.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

3. RESTRICTED CASH

	2010 $	2009 $
Cash is currently restricted to fund the following items:		
Deferred contributions - special purpose funds	696,299	560,427
Endowment Fund	216,086	216,086
	912,385	776,513

4. RECEIVABLES

	2010 $	2009 $
Government of Newfoundland and Labrador	6,154,485	7,313,270
Government of Canada	1,896,761	1,148,785
Patient	2,319,766	2,115,198
Other	1,907,769	1,959,493
	12,278,781	12,536,746

5. CAPITAL ASSETS

	2010 $	2009 $
Cost		
Land	11,201	11,201
Land improvements	162,208	162,208
Buildings	23,615,037	22,941,408
Leasehold improvements	223,678	223,678
Equipment and vehicles	54,628,219	48,202,889
Artwork	195,714	195,714
	78,836,057	71,737,098
Accumulated Amortization		
Land	-	-
Land improvements	155,032	153,237
Buildings	13,573,575	13,097,910
Leasehold improvements	80,983	73,473
Equipment and vehicles	39,830,712	36,694,206
Artwork	-	-
	53,640,302	50,018,826
Net Book Value		
Land	11,201	11,201
Land improvements	7,176	8,971
Buildings	10,041,462	9,843,498
Leasehold improvements	142,695	150,204
Equipment and vehicles	14,797,507	11,508,684
Artwork	195,714	195,714
	25,195,755	21,718,272

6. BANK INDEBTEDNESS

The Authority has access to a $19.0 million line of credit in the form of a revolving demand loan bearing interest at prime with the Royal Bank of Canada. The line of credit has been approved by the Minister of Health and Community Services. In addition, this line of credit carries a Province of Newfoundland and Labrador guarantee for $9 million up to $19 million with the first $10 million being unsecured.

7. LONG-TERM DEBT

10%, Canada Mortgage and Housing Corporation first mortgage on land and building of Harry L. Paddon Memorial Home; repayable $11,245 monthly, interest included, maturing November 2029.

The aggregate amount of principal payments estimated to be required in each of the next five years is as follows:

	$
2011	19,864
2012	21,321
2013	22,890
2014	24,236
2015	25,695

Interest Subsidy

The Authority has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 56.1 of the National Housing Act. The purpose of the assistance is to reduce operating costs in order to enable the Authority to provide housing to low and moderate income individuals. The amount of assistance received in 2010 was $25,205 (2009 - $25,205)

8. UNAMORTIZED DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets represent restricted contributions with which capital assets were originally purchased. The changes in the deferred contributions for the year are as follows:

	2010 $	2009 $
Balance, beginning	18,890,945	18,721,796
Add:		
Equipment grants	7,398,261	3,410,366
Donations for equipment	263,569	
	26,552,775	22,132,162
Less:		
Amortization	4,091,814	3,241,217
Unamortized contributions on assets disposed	42,624	-
Balance, ending	22,418,337	18,890,945

9. INVESTMENT IN CAPITAL ASSETS

	2010 $	2009 $
Repayment of long-term debt	18,406	16,950

10. OTHER REVENUE

	2010 $	2009 $
Drug recoveries	3,066,161	3,316,700
Dental	1,113,544	1,208,391
Rentals	830,831	813,532
Mortgage interest subsidy (Note 7)	25,205	25,205
Interest	43,773	34,577
Other general revenue	2,015,592	2,016,774
	7,095,106	7,415,179

11. CONTINGENCIES

As of March 31, 2010, there were a number of legal claims against the Authority in varying amounts for which no provision has been made. It is not possible to determine the amounts, if any, that may ultimately be assessed against the Authority with respect to these claims, but management believes any claims, if successful, will be covered by liability insurance.

12. COMPARATIVE FIGURES

Certain of the comparative figures has been reclassified to conform to the current presentation.

LABRADOR-GRENFELL REGIONAL HEALTH AUTHORITY
ST. ANTHONY INTERFAITH HOME 20 UNIT APARTMENT COMPLEX

AUDITORS' REPORT
AND
CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2010

Belanger Clarke
Follett & McGettigan
CHARTERED ACCOUNTANTS BUSINESS ADVISORS

221 Memorial Drive
Clarenville, NL
A5A 1R3

AUDITORS' REPORT

To the Trustee of **Labrador – Grenfell Regional Health Authority - St. Anthony Interfaith Home 20 Unit Apartment Complex**

We have audited the balance sheet of **Labrador – Grenfell Regional Health Authority – St. Anthony Interfaith Home 20 Unit Apartment Complex** as at March 31, 2010 and the statement of changes in net assets, operations and cash flow for the year then ended. These financial statements are the responsibility of the St. Anthony Interfaith Home 20 Unit Apartment Complex's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the St. Anthony Interfaith Home 20 Unit Apartment complex as at March 31, 2010 and the results of its operations and the changes in its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Belanger Clarke Follett & McGettigan

Clarenville, Newfoundland and Labrador
June 1, 2010

CHARTERED ACCOUNTANTS

LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY
ST. ANTHONY INTERFAITH HOME 20 UNIT APARTMENT COMPLEX
BALANCE SHEET
AS AT MARCH 31, 2010

	2010 $	2009 $
ASSETS		
Current		
Cash	57,433	33,110
Accounts receivable	79,577	-
Prepaid expenses	5,400	5,400
	142,410	38,510
Replacement reserve cash (Note 4)	22,335	11,692
Capital assets (Notes 2 and 3)	615,755	676,059
	780,500	726,261
LIABILITIES		
Current		
Payables and accruals	1,508	787
Due to Labrador - Grenfell Regional Health Authority	350,905	233,620
Current portion of long-term debt (Note 5)	61,500	53,325
	413,913	287,732
Long-term debt, net of current portion (Note 5)	550,532	619,011
Replacement reserve fund (Note 4)	22,335	11,692
	986,780	918,435
NET ASSETS, PER ACCOMPANYING STATEMENT		
Unrestricted net assets	(206,280)	-192,174
	780,500	726,261

Signed on behalf of the Board:

Trustee

Trustee

LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY
ST. ANTHONY INTERFAITH HOME 20 UNIT APARTMENT COMPLEX
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2010

	2010			
	Invested in Capital Assets	Unrestricted	Total 2010	Total 2009
	$	$	$	$
Balance, beginning	-	(192,174)	(192,174)	(174,120)
Excess (deficiency) of revenues over expenditures	(60,304)	(14,106)	(14,106)	(18,054)
Repayment of long-term debt	60,304	-	-	-
Balance, ending	-	(206,280)	(206,280)	(192,174)

LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY
ST. ANTHONY INTERFAITH HOME 20 UNIT APARTMENT COMPLEX
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2010

	2010 $	2009 $
Revenues		
Rental	116,067	112,400
CMHC subsidy	19,189	23,808
CMHC project funding	79,577	-
Hydro recoveries	14,450	14,796
Cable television recoveries	4,547	4,616
Interest	-	802
	233,830	156,422
Expenditures		
Allocation to replacement reserve	10,350	7,369
Amortization	60,304	54,506
Cable television	3,943	-
Heat and light	39,695	50,902
Insurance	1,459	2,500
Interest and bank charges	196	172
Interest on long-term debt	19,628	28,764
Management fees	5,000	5,000
Professional fees	2,500	2,497
Property taxes	7,200	7,200
Repairs and maintenance (Note 6)	97,661	15,566
	247,936	174,476
Deficiency of revenues over expenditures	(14,106)	(18,054)

LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY
ST. ANTHONY INTERFAITH HOME 20 UNIT APARTMENT COMPLEX
STATEMENT OF CASH FLOW
YEAR ENDED MARCH 31, 2010

	2010 $	2009 $
Cash Flows		
Operations:		
Deficiency of revenues over expenditures	(14,106)	(18,054)
Amortization	60,304	54,506
	46,198	36,452
Changes in:		
Receivables	(79,577)	951
Payables and accruals	721	(1,947)
Due to Labrador - Grenfell Regional Health Authority	117,285	31,721
Replacement reserve	10,643	7,497
	95,270	74,674
Financing Activities		
Principal repayments	(60,304)	(54,506)
Net change in cash and cash equivalents for year	34,966	20,168
Cash and cash equivalents, beginning of year	44,802	24,634
Cash and cash equivalents, end of year	79,768	44,802

Cash and cash equivalents consists of:

	2009 $	2009 $
Cash	57,433	33,110
Replacement reserve cash	22,335	11,692
	79,768	44,802

LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY
ST. ANTHONY INTERFAITH HOME 20 UNIT APARTMENT COMPLEX
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2010

1. NATURE OF OPERATIONS

The St. Anthony Interfaith Home 20 Unit Apartment Complex is sponsored by the Labrador Grenfell Regional Health Authority to provide housing to low and moderate income seniors.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the St. Anthony Interfaith Home 20 Unit Apartment Complex are in accordance with generally accepted accounting principles and guidelines set out by the Newfoundland and Labrador Housing Corporation (NLHC) in their operating agreements for not-for-profit housing projects. The following describes the more significant policies:

Capital Assets

Amortization is provided on land improvements and buildings at a rate equal to the annual principal reduction of the mortgages related to these properties. This is in accordance with the operating agreement with NLHC.

Replacement Reserve

In accordance with the operating agreements with NLHC the Authority is required to fund a replacement reserve annually in the amount of $10,350. This allocation of funds is expensed annually and transferred to a separate bank account and added to the liability "Replacement Reserve".

The funds in the replacement reserve account may only be used as approved by NLHC.

Transactions in the reserve are shown in Note 4.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

3. CAPITAL ASSETS

	Cost $	Accumulated Amortization $	2010 $	2009 $
Land	1	-	1	1
Land improvements	4,853	-	4,853	4,853
Buildings	1,271,266	660,365	610,901	671,205
	1,276,120	660,365	615,755	676,059

4. REPLACEMENT RESERVE

	2010 $	2009 $
Balance, beginning	11,692	4,195
Add:		
Allocation for year	10,350	10,350
Adjustment	293	-
Interest earned	-	127
	22,335	14,672
Less:		
Approved expenditures	-	2,980
Balance, ending	22,335	11,692

5. LONG-TERM DEBT

2.086% Newfoundland and Labrador Housing Corporation first mortgage on land and building; repayable in equal monthly installments of $6,537, interest included, maturing January 2019.

The aggregate amount of principal payments estimated to be required in each of the next five years is as follows:

	$
2011	61,751
2012	63,501
2013	65,380
2014	67,061
2015	69,042

Interest Subsidy

The Authority has received federal assistance through Central Mortgage and Housing Corporation pursuant to Section 56.1 of the National Housing Act to reduce operating costs, enabling the Authority to provide housing to low and moderate income seniors. The amount of the assistance received from Newfoundland and Labrador Housing in 2010 was $19,189 (2009-$23,808).

6. REPAIRS AND MAINTENANCE

	2010 $	2009 $
Maintenance and supplies	87,421	409
Salary	8,594	13,564
Snow Clearing	1,646	1,593
	97,661	15,566

LABRADOR-GRENFELL REGIONAL HEALTH AUTHORITY
ST. ANTHONY INTERFAITH HOME 12 UNIT APARTMENT COMPLEX

AUDITORS' REPORT
AND
CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2010

Belanger Clarke
Follett & McGettigan
CHARTERED ACCOUNTANTS BUSINESS ADVISORS

221 Memorial Drive
Clarenville, NL
A5A 1R3

AUDITORS' REPORT

To the Trustee of **Labrador – Grenfell Regional Health Authority - St. Anthony Interfaith Home 12 Unit Apartment Complex**

We have audited the balance sheet of **Labrador – Grenfell Regional Health Authority – St. Anthony Interfaith Home 12 Unit Apartment Complex** as at March 31, 2010 and the statement of changes in net assets, operations and cash flow for the year then ended. These financial statements are the responsibility of the St. Anthony Interfaith Home 12 Unit Apartment Complex's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the St. Anthony Interfaith Home 12 Unit Apartment complex as at March 31, 2010 and the results of its operations and the changes in its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Belanger Clarke Follett & McGettigan

CHARTERED ACCOUNTANTS

Clarenville, Newfoundland and Labrador
June 1, 2010

LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY
ST. ANTHONY INTERFAITH HOME 12 UNIT APARTMENT COMPLEX
BALANCE SHEET
AS AT MARCH 31, 2010

	2010 $	2009 $
ASSETS		
Current		
Cash	36,315	18,513
Accounts receivable	1,097	-
Prepaid expenses	3,240	3,240
	40,652	21,753
Capital assets (Notes 2 and 3)	708,352	738,953
Due from Newfoundland and Labrador Housing Corporation (Note 4)	5,884	3,184
Due from Newfoundland and Labrador Housing Corporation for replacement reserve (Note 6)	67,300	67,300
	822,187	831,190
LIABILITIES		
Current		
Payables and accruals	2,531	44
Due to Labrador - Grenfell Regional Health Authority	44,577	24,892
Current portion of long-term debt (Note 5)	31,427	32,000
	78,535	56,936
Long-term debt, net of current portion (Note 5)	660,350	690,954
Replacement reserve fund (Note 6)	67,300	67,300
	806,185	815,190
NET ASSETS, PER ACCOMPANYING STATEMENT		
Unrestricted net assets	16,000	16,000
	822,187	831,190

Signed on behalf of the Board:

Trustee

Trustee

LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY
ST. ANTHONY INTERFAITH HOME 12 UNIT APARTMENT COMPLEX
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2010

	2010			
	Invested in Capital Assets	Unrestricted	Total 2010	Total 2009
	$	$	$	$
Balance, beginning	-	16,000	16,000	16,000
Excess (deficiency) of revenues over expenditures	(30,602)	30,602	-	-
Repayment of long-term debt	30,602	(30,602)	-	-
Balance, ending	-	16,000	16,000	16,000

LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY
ST. ANTHONY INTERFAITH HOME 12 UNIT APARTMENT COMPLEX
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2010

	Budget	2010 Actual $	2009 Actual $
Revenues			
Rental	51,600	51,244	51,645
NLHC subsidy	59,116	64,591	52,191
Hydro recoveries	3,180	3,140	3,160
Laundry recoveries	1,440	1,420	1,430
Other recoveries	-	46,330	-
HST recoveries	2,400	1,097	790
Interest	-	-	647
	117,736	167,822	109,863
Expenditures			
Amortization	30,602	30,602	28,820
Heat and light	29,057	25,580	25,818
Insurance	1,776	1,092	2,046
Interest and bank charges	-	121	111
Interest on long-term debt	32,231	32,231	32,056
Management fees	5,340	5,000	5,000
Miscellaneous	-	-	-
Professional fees	2,800	2,500	2,500
Repairs, maintenance and janitorial expense (Note 7)	10,800	65,718	8,555
Snow clearing	810	658	637
Water and sewer	4,320	4,320	4,320
	117,736	167,822	109,863
Excess (deficiency) of revenues over expenditures	-	-	-

LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY
ST. ANTHONY INTERFAITH HOME 12 UNIT APARTMENT COMPLEX
STATEMENT OF CASH FLOW
YEAR ENDED MARCH 31, 2010

	2010 $	2009 $
Cash Flows		
Operations:		
Excess (deficiency) of revenues over expenditures	-	(3,315)
Amortization	30,602	28,820
	30,602	25,505
Changes in:		
Receivables	(1,097)	-
Payables and accruals	1,914	2,841
Due to Labrador - Grenfell Regional Health Authority	19,685	(3,667)
Due to Newfoundland and Labrador Housing Corporation	(2,700)	-
	48,404	24,679
Financing Activities		
Principal repayments	(30,602)	(27,168)
Net change in cash and cash equivalents for year	17,802	(2,489)
Cash and cash equivalents, beginning of year	18,513	21,002
Cash and cash equivalents, end of year	36,315	18,513

LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY
ST. ANTHONY INTERFAITH HOME 12 UNIT APARTMENT COMPLEX
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2010

1. NATURE OF OPERATIONS

The St. Anthony Interfaith Home 12 Unit Apartment Complex is sponsored by the Labrador Grenfell Regional Health Authority to provide housing to low and moderate income seniors.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the St. Anthony Interfaith Home 20 Unit Apartment Complex are in accordance with generally accepted accounting principles and guidelines set out by the Newfoundland and Labrador Housing Corporation (NLHC) in their operating agreements for not-for-profit housing projects. The following describes the more significant policies:

Capital Assets

Amortization is provided on land improvements and buildings at a rate equal to the annual principal reduction of the mortgages related to these properties. This is in accordance with the operating agreement with NLHC.

Replacement Reserve

NLHC maintains a consolidated Replacement Reserve Fund to maintain and account for replacement reserve funds for not-for-profit housing groups. NLHC provides the organization with an annual statement as of March 31, 2010 indicating its reserve balance.

The funds in the replacement reserve account may only be used as approved by NLHC.

Transactions in the reserve are shown in Note 6.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

3. CAPITAL ASSETS

	Cost $	Accumulated Amortization $	2010 $	2009 $
Land	1	-	1	1
Land improvements	20,000	-	20,000	20,000
Buildings	955,047	279,674	675,373	705,390
Equipment	17,754	4,777	12,978	13,562
	992,802	284,451	708,352	738,953

4. DUE FROM (TO) NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

	2010 $	2009 $
Due from (to) NLHC, beginning of the Year	3,184	-131
Net Subsidy for the Year	64,591	52,191
Payments Received during the Year	-61,891	-48,876
Due from (to) NLHC, end of year	5,884	3,184

5. LONG-TERM DEBT

4.31% Newfoundland and Labrador Housing Corporation first mortgage on land and building; repayable in equal monthly installments of $5,073, interest included, maturing October 2025.

The aggregate amount of principal payments estimated to be required in each of the next five years is as follows:

	$
2011	31,427
2012	33,074
2013	34,528
2014	36,046
2015	37,631

Interest Subsidy

The Authority has received federal assistance through Central Mortgage and Housing Corporation pursuant to Section 56.1 of the National Housing Act to reduce operating costs, enabling the Authority to provide housing to low and moderate income seniors. The amount of the assistance received from Newfoundland and Labrador Housing in 2010 was $46,330 (2009-$48,876).

6. REPLACEMENT RESERVE

	2010 $	2009 $
Balance, beginning	67,300	67,300
Less: Approved expenditures	-	-
Balance, ending	67,300	67,300

7. REPAIRS AND MAINTENANCE

	2010 $	2009 $
Maintenance supplies	55,114	4,893
Salary	10,604	3,746
	65,718	8,639

LABRADOR SCHOOL BOARD

AUDITORS' REPORT
AND
CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

AC Belanger Clarke
Follett & McGettigan
CHARTERED ACCOUNTANTS BUSINESS ADVISORS
A MEMBER FIRM OF THE AC GROUP OF INDEPENDENT ACCOUNTING FIRMS LIMITED

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AUDITORS' REPORT

To the directors of the Labrador School Board

We have audited the balance sheet of the current and capital funds of the Labrador School Board as at June 30, 2009 and the statements of current revenues, expenditures and board deficiency and changes in the capital fund for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Labrador School Board as at June 30, 2009 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles and are in compliance with reporting requirements established for School Districts in the Province of Newfoundland and Labrador by the Department of Education.

Belanger Clarke Follett & McGettigan
CHARTERED ACCOUNTANTS

St. John's, Newfoundland and Labrador
October 13, 2009

LABRADOR SCHOOL BOARD
BALANCE SHEET
AS AT JUNE 30, 2009

	2009 $	2008 $
ASSETS		
Current		
Cash (Supplementary Information 1)	243,613	151,388
Short-term investments (Supplementary Information 1)	3,617,944	3,225,000
Accounts receivable (Note 4)	5,082,781	4,970,853
Prepaid expenses (Supplementary Information 2)	52,552	60,187
	8,996,890	8,407,428
Capital assets (Schedule 8)	44,630,690	43,331,756
	53,627,580	51,739,184
LIABILITIES		
Current		
Bank indebtedness (Note 5)	-	119,687
Accounts payable and accrued liabilities (Note 6)	7,226,568	6,406,041
Current maturities (Schedule 9B)	163,500	202,944
	7,390,068	6,728,672
Long-term debt (Schedule 9)	639,659	892,193
Accrued support staff severance	850,319	821,189
Accrued teacher severance	5,725,965	5,505,851
	14,606,011	13,947,905
Contingent liabilities (Note 12)		
BOARD EQUITY		
Investment in capital assets (Note 8)	44,640,012	43,341,077
Board deficiency (Note 9)	(5,742,115)	(5,705,493)
Restricted fund - Labrador West School Committee (Note 7)	123,672	155,695
	39,021,569	37,791,279
	53,627,580	51,739,184

Signed on behalf of the Board:

Director

Director

LABRADOR SCHOOL BOARD
STATEMENT OF CURRENT REVENUES, EXPENDITURES AND BOARD DEFICIENCY
YEAR ENDED JUNE 30, 2009

	2009 $	2008 $
Current Revenues (Schedule 1)		
Local taxation	-	-
Provincial Government and other grants	42,156,714	39,024,372
Donations	-	-
Ancillary services	221,276	213,480
Miscellaneous	5,784,276	5,419,559
	48,162,266	44,657,411
Current Expenditures		
Administration (Schedule 2)	1,806,134	1,521,841
Instruction (Schedule 3)	38,118,770	34,881,489
Operations and maintenance (Schedule 4)	5,569,955	5,217,174
Pupil transportation (Schedule 5)	2,650,117	2,418,753
Ancillary services (Schedule 6)	209,119	179,194
Interest (Schedule 9C)	7,742	52
Miscellaneous (Schedule 7)	-	-
	48,361,838	44,218,503
Excess (deficiency) of revenues over expenditures before transfer to capital fund, teacher severance and teacher summer pay	(199,572)	438,908
Transfer to Capital Fund	(52,039)	(29,002)
Net increase (decrease) in board equity from operations	(251,611)	409,906
Teacher severance	(220,114)	(138,064)
Teacher summer pay	384,102	(158,585)
Net increase (decrease) in board equity	(87,623)	113,257
Board deficiency, beginning of year (Note 9)	(5,705,493)	(5,869,585)
Adjustments (Note 9)	51,001	50,835
Board deficiency, end of year (Note 9)	(5,742,115)	(5,705,493)
Board deficiency exclusive of teacher severance and teacher summer pay for year:		
Board deficiency per above	(5,742,115)	(5,705,493)
Add: Accrued teacher severance	5,725,965	5,505,851
Add: Summer pay - teachers (Note 6)	3,877,688	3,493,586
Revised board equity	3,861,538	3,293,944

LABRADOR SCHOOL BOARD
STATEMENT OF CHANGES IN CAPITAL FUND
YEAR ENDED JUNE 30, 2009

			2009 $	2008 $
70		Capital Receipt		
71		Proceeds from bank loans		
	014	School construction	-	-
	012	Equipment	-	-
	013	Service vehicles	-	-
	014	Pupil transportation	-	-
	015	Other - energy performance contracting	-	-
			-	-
72		EIC Grants		
	011	School construction and equipment	-	-
	013	Other	-	-
			-	-
73		Donations		
	011	Cash receipts	-	-
	012	Non-cash receipts	-	-
	013	Restricted use	-	-
			-	-
74		Sale of Capital Assets Proceeds		
	011	Land	-	-
	012	Buildings	6,128	-
	013	Equipment	-	-
	014	Service vehicles	-	-
	015	Pupil transportation vehicles	-	-
	016	Other	-	-
			6,128	-
75		Other Capital Revenues		
	011	Interest on capital fund investments	-	-
	012	Premiums on debentures	-	-
	013	Recoveries of expenditures	1,253,023	271,062
	015	Insurance proceeds	-	-
	017	Miscellaneous	-	-
			1,253,023	271,062
Total Capital Receipts				
77		Transfer from reserve account	-	-
78		Transfer to/from current fund	52,039	29,002
			52,039	29,002
Total			1,311,190	300,064

LABRADOR SCHOOL BOARD
STATEMENT OF CHANGES IN CAPITAL FUND
YEAR ENDED JUNE 30, 2009

			2009 $	2008 $
80		Capital Disbursements		
81		Additions to Capital Assets		
	011	Land and sites	-	-
	012	Building	1,182,460	271,062
	013	Furniture and equipment - school	-	-
	014	Furniture and equipment - other	-	-
	015	Services Vehicles	122,602	29,002
	016	Pupil transportation	-	-
	017	Other	-	-
			1,305,062	300,064
82		Principal Repayment of Loans		
	011	School construction	-	-
	012	Equipment	-	-
	013	Services vehicles	-	-
	014	Other - teachers' residences	-	-
			-	-
83		Miscellaneous Disbursements		
	013	Other	-	-
Total Capital Disbursements			1,305,062	300,064

SCHEDULE 1

LABRADOR SCHOOL BOARD
CURRENT REVENUES
YEAR ENDED JUNE 30, 2009

			2009 $	2008 $
Current Revenues				
31	010	Local Taxation		
	011	School taxes	-	-
32	010	Provincial Government and Other Grants		
	011	Regular operating grants	7,570,215	6,741,201
	012	Special grants (details on bottom Schedule 1)	5,426,262	4,981,138
	013	Payroll tax	-	-
		Salaries and benefits		
	017	Directors and assistant directors	585,256	443,036
	021	Regular teachers	30,023,194	28,189,945
	021	Student assistants	711,739	618,342
	022	Substitute teachers	1,047,627	950,501
	030	Pupil Transportation		
	031	Board owned	2,218,683	2,081,347
	032	Contracted	-	-
	033	Special needs	-	-
	034	Other	297,674	336,660
33	010	Donations		
	012	Cash receipts	-	-
	013	Non-cash receipts	-	-
	014	Restricted use	-	-
34	010	Ancillary Services		
	011	Revenue from rental of residences	221,276	213,480
	015	Interest	60,340	101,761
	021	Revenues from rental of schools and facilities (net)	-	-
	022	Internally generated funds	-	-
	031	Cafeterias	-	-
	032	Other	-	-
			48,162,266	44,657,411
Special Grants				
		Fiscal Finance Agreement	2,324,564	2,322,388
		Adult Basic Education	132,697	-
		Natuashish grant	566,321	538,637
		Sheshatshiu grant	1,436,261	1,285,426
		Mining company	525,000	525,000
		Francophone	48,000	49,425
		Grenfell	112,488	67,182
		Aboriginal education and initiatives	280,931	193,080
			5,426,262	4,981,138

SCHEDULE 2

LABRADOR SCHOOL BOARD
ADMINISTRATION EXPENDITURES
YEAR ENDED JUNE 30, 2009

			2009 $	2008 $
51	011	Salaries and benefits - director and assistant directors	585,256	443,036
	012	Salaries and benefits - board office personnel	826,174	685,231
	013	Office supplies	20,507	14,629
	014	Replacement furniture and equipment	25,038	22,957
	015	Postage	11,495	4,768
	016	Telephone	34,055	48,914
	017	Office equipment rentals and repairs	5,870	10,617
	018	Bank charges	-	-
	019	Electricity	5,631	5,783
	021	Fuel	-	-
	022	Insurance	2,987	2,414
	023	Repairs and maintenance (office building)	2,257	-
	024	Travel	118,261	110,167
	025	Board meeting expenses	56,355	39,217
	026	Election expenses	-	-
	027	Professional fees	43,718	45,347
	028	Advertising	32,265	54,980
	029	Membership dues	21,030	21,057
	031	Municipal taxes	1,050	1,050
	034	Miscellaneous	460	(128)
	035	Payroll tax	13,725	11,802
			1,806,134	1,521,841

SCHEDULE 3

LABRADOR SCHOOL BOARD
INSTRUCTION EXPENDITURES
YEAR ENDED JUNE 30, 2009

			2009 $	2008 $
52	010	Instructional salaries (gross)		
	011	Teachers' salaries - regular	26,642,122	24,112,073
	012	Teachers' salaries - substitute	904,836	809,911
	013	Teachers' salaries - board paid	138,791	81,132
	013	Teachers' salaries - student assistants	710,529	530,822
	014	Augmentation	285,038	285,000
	015	Employee benefits	4,037,255	4,176,311
	016	School secretaries - salaries and benefits	841,148	607,302
	017	Payroll tax	40,141	26,680
	018	Other instructional salaries and benefits	1,252,626	1,171,710
			34,852,486	31,800,941
52	040	Instructional materials		
	041	General supplies	574,682	439,207
	042	Library resource materials	10,596	20,648
	043	Teaching aids	120,016	136,239
	044	Textbooks	9,897	(4,033)
		Other (Note 11)	1,404,592	1,588,781
			2,119,783	2,180,842
52	060	Instructional furniture and equipment		
	061	Replacement	105,592	93,518
	062	Rentals and repairs	110,452	106,347
			216,044	199,865
52	080	Instructional staff travel		
	081	Program co-ordinators	156,858	143,456
	082	Teachers' travel	59,411	37,741
	083	In-service and conference	544,893	471,948
		Students travel	6,758	-
			767,920	653,145
	090	Other instructional costs		
52	091	Postage and stationery	5,031	3,117
	092	Other - Francophone Board funds	13,391	10,778
		Other - Health and Community living	144,115	32,801
			162,537	46,696
			38,118,770	34,881,489

SCHEDULE 4

LABRADOR SCHOOL BOARD
OPERATIONS AND MAINTENANCE EXPENDITURES
YEAR ENDED JUNE 30, 2009

			2009 $	2008 $
53	011	Salaries and benefits - janitorial	1,276,318	1,146,378
	012	Salaries and benefits - maintenance	1,117,757	974,604
	013	Payroll tax	41,418	36,985
	014	Electricity	411,459	405,182
	015	Fuel	522,983	478,000
	016	Municipal service fees	71,446	64,727
	017	Telephone	136,622	119,514
	018	Vehicle operating and travel	28,882	49,902
	019	Janitorial supplies	216,892	185,367
	021	Janitorial equipment	4,255	58,847
	022	Repairs and maintenance - buildings	1,132,344	1,017,060
	023	Repairs and maintenance - equipment	4,157	2,674
	024	Contracted services - janitorial	42,886	114,850
	025	Snowclearing	166,082	137,457
	027	Other - mechanical water and sewer	146,574	156,130
	027	Other - salaries and benefits - computer technologies	248,207	267,451
	027	Other - maintenance occupation health and safety	1,673	2,046
			5,569,955	5,217,174

SCHEDULE 5

LABRADOR SCHOOL BOARD
PUPIL TRANSPORTATION EXPENDITURES
YEAR ENDED JUNE 30, 2009

			2009 $	2008 $
54	010	Operations and Maintenance of Board Owned Fleet		
	011	Salaries and benefits - administration	158,385	163,155
	012	Salaries and benefits - drivers and mechanics	1,591,445	1,331,215
	013	Payroll tax	27,131	22,869
	014	Debt repayment - interest	33,722	66,825
	014	Debt repayment - principal	126,834	36,899
	017	Gas and oil	251,583	310,057
	018	Licenses	20,751	26,231
	019	Insurance	21,521	31,293
	021	Repairs and maintenance - fleet	183,928	189,844
	022	Repairs and maintenance - building	12,233	17,822
	023	Tires and tubes	22,784	27,531
	024	Heat and light	15,247	14,484
	025	Municipal services	1,443	1,094
	026	Snowclearing	18,514	18,448
	027	Office supplies	1,463	2,438
	029	Travel	12,832	23,398
	031	Professional fees	3,799	3,691
	032	Miscellaneous	2,194	1,931
	033	Telephone	31,384	27,047
		Rent	78,911	78,975
		Occupational health and safety training	1,193	1,418
			2,617,297	2,396,665
54	040	Contracted Services		
	041	Regular transportation	24,570	15,982
	042	Handicapped	8,250	6,106
			2,650,117	2,418,753

SCHEDULE 6

LABRADOR SCHOOL BOARD
ANCILLARY SERVICES
YEAR ENDED JUNE 30, 2009

			2009 $	2008 $
55		Ancillary Services		
	011	Operation of teachers' residence	209,119	179,194
	013	Janitorial	-	-
	031	Cafeterias	-	-
	032	Other	-	-
			209,119	179,194

SCHEDULE 7

LABRADOR SCHOOL BOARD
MISCELLANEOUS EXPENDITURES
YEAR ENDED JUNE 30, 2009

	2009 $	2008 $
57 001 Miscellaneous	-	-

SCHEDULE 8

LABRADOR SCHOOL BOARD
DETAILS OF CAPITAL ASSETS
YEAR ENDED JUNE 30, 2009

			Balance June 30, 2008	Additions	Disposals	Balance June 30, 2009
			$	$	$	$
Land and sites						
12	210	Land and Sites				
	211	Land and Sites	173,221	-	-	173,221
12	220	Buildings				
	221	Schools	35,452,682	1,140,284	6,128	36,586,838
	222	Administration	283,947	-	-	283,947
	223	Residential	2,361,738	42,176	-	2,403,914
	224	Recreation	-	-	-	-
	225	Other - maintenance	263,899	-	-	263,899
			38,362,266	1,182,460	6,128	39,538,598
12	230	Furniture and equipment	2,852,466	-	-	2,852,466
12	240	Vehicles				
	241	Service vehicles	-	-	-	-
12	250	Pupil Transportation				
	251	Land	-	-	-	-
	252	Building	-	-	-	-
	253	Vehicles - buses	1,797,169	91,888	-	1,889,057
	254	Vehicles - service	146,634	30,714	-	177,348
	255	Equipment	-	-	-	-
	256	Other	-	-	-	-
			1,943,803	122,602	-	2,066,405
12	260	Miscellaneous Capital				
	261	Other	-	-	-	-
Total Capital Assets			43,331,756	1,305,062	6,128	44,630,690

SCHEDULE 9

LABRADOR SCHOOL BOARD
DETAILS OF LONG-TERM DEBT
YEAR ENDED JUNE 30, 2009

		2009 $	2008 $
Bank loans, mortgages and debentures, approved by the Board and the Government of Newfoundland and Labrador			
22 210	Loans Other Than Pupil Transportation		
Reference Number			
211	Bank Loans Prime minus .25%, repayable $196 monthly, repaid during year	-	-
212	Mortgages		
	____, repayable $____, monthly, maturing	-	-
	____, repayable $____, monthly, maturing	-	-
	____, repayable $____, monthly, maturing	-	-
Total 212		-	-
213	Vehicles		
	____, repayable $____, monthly, maturing		
	____, repayable $____, monthly, maturing	-	-
Total 213		-	-
214	Other		
	____, repayable $____, monthly, maturing	-	-
Subtotal		-	-
216	Less: Current Maturities	-	-
Total Loans Other than Pupil Transportation		-	-

SCHEDULE 9

LABRADOR SCHOOL BOARD
DETAILS OF LONG-TERM DEBT
YEAR ENDED JUNE 30, 2009

			2009 $	2008 $
22	220	Loans - Pupil Transportation		
Reference Number				
	221	Vehicle Bank Loans		
		Prime minus .25%, repayable $3,267 monthly, repaid during the year		108,468
		Prime minus .25%, repayable $2,172 monthly, maturing 2013	102,080	128,144
		Prime minus .25% repayable $2,517 monthly, maturing 2012	90,447	120,653
		Prime minus .25%, repayable $1,696 monthly, maturing 2015	127,192	147,543
		Prime minus .25%, repayable $581 monthly, maturing 2014	34,853	41,824
		Prime minus .25%, repayable $3,137 monthly, maturing 2011	78,826	116,470
		Prime minus .25%, repayable $598 monthly, maturing 2018	48,177	75,363
		Prime minus .25%, repayable $2,924 monthly, maturing 2018	321,584	356,672
Subtotal			803,159	1,095,137
	223	Less: Current Maturities	163,500	202,944
Total Loans - Pupil Transportation			639,659	892,193
Total Long-term Debt			639,659	892,193

LABRADOR SCHOOL BOARD
SUMMARY OF LONG-TERM DEBT
YEAR ENDED JUNE 30, 2009

Description	Rate %	Balance June 30, 2008 $	Loans Obtained During Year $	Principal Repayment For Year $	Balance June 30, 2009 $
(A) School construction		-	-	-	-
(B) Equipment		-	-	-	-
(C) Service vehicles		-	-	-	-
(D) Other		-	-	-	-
(E) Bus acquisition	Prime - 0.25	1,095,137	-	291,978	803,159
Total Loans		1,095,137	-	291,978	803,159
Less: Current Maturities					163,500
Total Loans					639,659

LABRADOR SCHOOL BOARD
SCHEDULE OF CURRENT MATURITIES
YEAR ENDED JUNE 30, 2009

Description	2010 $	2011 $	2012 $	2013 $	2014 $
(A) School construction	-	-	-	-	-
(B) Equipment	-	-	-	-	-
(C) Service Vehicles	-	-	-	-	-
(D) Other	-	-	-	-	-
(E) Pupil transportation	163,500	163,500	129,223	93,478	69,588
Total	163,500	163,500	129,223	93,478	69,588

SCHEDULE 9C

LABRADOR SCHOOL BOARD
SCHEDULE OF INTEREST EXPENDITURES
YEAR ENDED JUNE 30, 2009

Description	2009 $	2008 $
012 Capital		
School construction	-	-
Equipment	-	-
Service vehicles	-	-
Other - teachers' residences	-	-
Pupil transportation	-	-
Total Capital	-	-
013 Current - operating loans	13	102
Current - supplier interest charges	7,729	(50)
Total current	7,742	52
Total Interest Expense	7,742	52

LABRADOR SCHOOL BOARD
SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2009

			2009 $	2008 $
1.		Cash		
		Current		
11	110	Cash on Hand and in Bank		
	111	Cash on hand	1,000	1,165
	112	Bank - current		
	113	Bank - savings - Labrador West School Committee	63,982	48,299
		Funds in trust	182,762	101,924
	113	Bank - teachers' payroll	-	-
	114	Bank - teachers' payroll	-	-
	115	Bank - non teachers' payroll	(4,131)	-
	116	Bank - coupon (debenture)		
		Capital		
11	210	Cash on Hand and in Bank		
	211	Cash on Hand and in Bank	-	-
	212	Bank - current	-	-
	213	Bank - savings	-	-
	214	Bank - other	-	-
Total Cash on Hand and in Bank			243,613	151,388
2.		Short Term Investments		
		Current		
11	121	Term deposits	3,617,944	3,225,000
	122	Canada Savings Bonds	-	-
	123	Other	-	-
		Capital		
11	221	Term deposits	-	-
	222	Canada Savings Bonds	-	-
	223	Other	-	-
Total Short Term Investments			3,617,944	3,225,000

LABRADOR SCHOOL BOARD
SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2009

			2009 $	2008 $
3.		Prepaid Expenses		
		Current		
11	141	Insurance	-	-
	142	Municipal services fees	12,270	16,113
	143	Supplies	-	-
	144	Other - WHSCC	-	-
	144	Other - travel	-	7,490
	144	Other - miscellaneous	40,282	36,584
		Capital		
11	241	Other	-	-
			52,552	60,187

LABRADOR SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

1. DESCRIPTION OF OPERATIONS

The Labrador School Board is a learning organization which is mandated to organize and administer primary, elementary and secondary education within the school board.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared on a fund accounting basis which is generally accepted for School Boards. Fund accounting can be defined as "accounting procedures in which a self-balancing group of accounts is provided for each fund". It is customary for School Boards to account separately for the current and capital funds.

A summary of significant accounting policies adopted by the Board, relating to their use of fund accounting, is as follows:

(a) Grants received by the Board are recorded in either the current or capital funds, depending on their source. Grants from the Department of Education are treated as current revenue while those from the Newfoundland and Labrador Education Investment Corporation are mostly recorded as capital revenues.

(b) The Board does not calculate or record amortization on any of its capital assets.

(c) As a result of the amalgamation of former school boards to form the Labrador School Board, described below, historical cost information related to capital assets is not always available.

In instances where the historical cost of a capital assets is unknown, only the proceeds received on the disposition of the capital assets are credited to the capital assets account.

If the historical cost a capital asset is known, the disposition of the capital assets is recorded by removing the full cost of the asset from the capital asset account.

(d) All capital expenditures financed out of current revenue funds are recorded as an expenditure in the current account.

(e) Principal repayment of Pupil Transportation Loans are recorded as current expenditures. All other principal repayment of bank loans are recorded as capital expenditures.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Severance Pay

The Board has in effect severance pay policies whereby employees are entitled to a severance payment upon leaving employment with the Board. Under these policies, a permanent employee who has nine (9) or more years of continuous service in the employ of the School Board is entitled to be paid on resignation, retirement, termination by reasons of disability, expiry of recall rights or, in the event of death, to the employee's estate, severance pay equal to the amount obtained by multiplying the number of completed years of continuous employment by his weekly salary to a maximum of twenty (20) weeks pay. This liability for severance pay has been accrued in the accounts for all employees who have a vested right to receive such payments.

Severance pay for teachers is paid through the Department of Education.

Other

Effective January 1, 1997, the Labrador School Board was formed through the amalgamation of the Labrador West Integrated School Board, the Labrador East Integrated School Board and the Roman Catholic School Board for Labrador. The amalgamation was accounted for using the pooling of interests method where by the assets and liabilities of each School Board were combined to become the assets of the new Labrador School Board.

Measurement Uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the recorded amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in the period in which they become known. Actual results could differ from these estimates.

3. FINANCIAL INSTRUMENTS

The school board's financial instruments consist of cash, short-term investments, accounts receivable, bank indebtedness, accounts payable and accrued liabilities, long-term debt, accrued support staff severance and accrued teacher severance. Unless otherwise noted, it is management's opinion that the school board is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

4. ACCOUNTS RECEIVABLE

			2009 $	2008 $
		Current		
11	131	Provincial Government Grant	4,895,384	4,704,775
	132	Transportation	-	-
	133	Federal Government	109,453	108,556
	134	School taxes	-	-
	136	Other School Boards	-	-
	137	Rent	-	-
	138	Interest	-	-
	139	Travel advances and miscellaneous	77,944	157,522
		Capital		
11	231	EIC - construction grants	-	-
	233	Local contributions	-	-
	234	Other School Boards	-	-
	235	Other - Department of Education	-	-
			5,082,781	4,970,853
	Less:	Allowance for uncollectible Government Grants	-	-
			5,082,781	4,970,853

5. BANK INDEBTEDNESS - CURRENT

			2009 $	2008 $
21	131	On operating credit	-	-
	132	On current account	-	119,687
			-	119,687

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

			2009 $	2008 $
		Current		
21	111	Trade payables	567,268	542,232
	112	Accrued - liabilities	24,700	10,700
	113	Accrued - interest	-	-
	114	Accrued - wages	90,844	75,136
	115	Payroll deductions	155,175	126,054
	116	Retail sales tax	-	-
	117	Deferred grants	2,510,893	2,158,333
	119	Summer pay - teachers	3,877,688	3,493,586
	122	Department of Education	-	-
		Capital		
21	211	Trade payables	-	-
	212	Accrued - liabilities	-	-
	213	Accrued - interest	-	-
	217	Deferred grants	-	-
	218	Other	-	-
			7,226,568	6,406,041

7. RESTRICTED FUND

	2009 $	2008 $
Labrador West School Committee	123,672	155,695

The restricted surplus represents unexpended funding set aside for the benefit of the Labrador West School Committee. The available funds muse be spent in Labrador West.

8. INVESTMENT IN CAPITAL ASSETS

			2009 $	2008 $
		Balance, beginning, as previously reported	43,341,077	43,041,013
		Transfer of operating funds to capital fund	-	-
		Principal repayment of housing loan	-	-
		Proceeds from bussing loans (net)	-	-
		Addition to schools	1,182,460	271,062
		Purchase of service vehicle	122,603	29,002
			44,646,140	43,341,077
		Deduct adjustments:		
		Cost of assets sold		
		Land	-	-
		Buildings	6,128	-
		Buses	-	-
		Service vehicles	-	-
23	221	Balance, ending	44,640,012	43,341,077

9. BOARD DEFICIENCY

	2009 $	2008 $
Balance, beginning As previously reported	(5,705,493)	(5,869,585)
Adjustment in current year:		
Correction re prior year	-	-
Transfer from deferred revenue - NL Hydro	-	-
Transfer of deficit to North Coast Housing Program	49,500	15,000
Accrued severance related to Innu agreement	-	8,520
Transfer of funds related to fuel tank replacements	-	18,929
Other adjustments - receivables	1,501	8,386
	(5,654,492)	(5,818,750)
Excess (deficiency) of revenue over expenditures	(87,623)	113,257
Balance, ending	(5,742,115)	(5,705,493)

The Board deficiency is comprised as follows:

	2009 $	2008 $
Deficit upon amalgamation at January 1, 1997	(504,281)	(504,281)
Deficit related to teachers' severance (responsibility of Provincial Government)	(5,725,965)	(5,505,851)
Surplus (deficit) attributable to Board operations since amalgamation	488,131	304,639
Board deficiency, end of year	(5,742,115)	(5,705,493)

10. COMMITMENTS

At the balance sheet date, the Board has the following commitments:

The Board has entered into various lease agreements with estimated future payments for the next three years as follows:

	$
2010	42,705
2011	36,180
2012	31,315

11. OTHER INSTRUCTIONAL MATERIALS

	2009 $	2008 $
Native Peoples	76,277	54,746
Labrador Studies	49,830	37,450
Modern Technology	210,637	126,258
Teacher Orientation - North Coast	3,470	5,160
Creative Arts Festival	30,776	30,890
Lifeskills Program	20,793	20,633
Special Projects - Housing	184,766	471,956
Innu - Sheshatshiu	186,373	158,556
Labrador North Sports Meet	31,877	38,099
Mushuau Innu Natuashish	473,735	413,842
Grenfell Library Program	111,872	67,144
Labrador West Funds	1,189	66,463
Music Supplies	3,998	75,686
Stepping Into the Future	18,999	21,898
	1,404,592	1,588,781

12. CONTINGENT LIABILITIES

The Lavers Inquiry is currently investigating allegations of abuse at schools formerly run by various churches in certain parts of Labrador. The possibility or magnitude of any resulting liability arising to the Board is not known.

There is a potential claim by an engineering firm related to consulting fees for supervision of a general contract to replace oil tanks. It is unknown if this claim will be further pursued by this firm. The amount of the claim cited by the firm is $7,267. There has been no recognition of this amount in these financial statements.

A human rights complaint has been filed against the Board. A response to this complaint has been filed on behalf of the Board. The Board is awaiting a determination by the Human Rights Commission as to whether the complaint will be referred to a Board of Enquiry.

13. OTHER

At the balance sheet date the Board was in the process of compiling information related to its capital assets which will allow it to change its accounting policy related to the reporting of capital assets.

When the change in the accounting policy is implemented, the Board will record amortization of its tangible capital assets in accordance with Public Sector Accounting Board standards.

Complete information to implement this change in policy for the year ended June 30, 2009 was not available at the date of these financial statements. It is anticipated that this change in accounting policy will be implemented for the year ending June 30, 2010.

14. COMPARATIVE FIGURES

Comparative figures were reported upon by another firm of Chartered Accountants.

15. MANAGING CAPITAL

The Board is subject to externally imposed capital management requirements pursuant to its credit facility. These requirements are consistent with normal commercial debt terms. Management acts to ensure that the company complies with the requirements and is not aware of any violations that would result in the bank taking any actions against the Board.

LABRADOR SCHOOL BOARD TRUST FUND

AUDITORS' REPORT
AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2009

Belanger Clarke
Follett & McGettigan
CHARTERED ACCOUNTANTS · BUSINESS ADVISORS

53 Bond Street, Suite 200
P.O. Box 8505
St. John's, NL
A1B 3N9
T 709 579-2161
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AUDITORS' REPORT

To the Board of Directors of the **Labrador School Board Trust Fund**

We have audited the statement of financial position of the **Labrador School Board Trust Fund** as at December 31, 2009 and the statement of operations for the year then ended. These financial statements are the responsibility of the Trust Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates may by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust Fund as at December 31, 2009 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Belanger Clarke Follett & McGettigan
CHARTERED ACCOUNTANTS

St. John's, NL
February 2, 2010

LABRADOR SCHOOL BOARD TRUST FUND
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2009

	2009 $	2008 $
ASSETS		
Current assets		
Cash and bank	15,710	14,746
GST receivable	181	-
	15,891	14,746
LIABILITIES AND NET ASSETS		
Current liabilities		
Accrued professional fees	750	600
Trust equity		
Balance, opening	14,146	10,571
Excess of revenue over expenditures	995	3,575
Balance, ending	15,141	14,146
	15,891	14,746

Signed on behalf of the Board:

_______________, Director

Heather Lenche, Director

See accompanying note to financial statements.

Belanger Clarke Follett & McGettigan, Chartered Accountants

LABRADOR SCHOOL BOARD TRUST FUND
STATEMENT OF OPERATIONS
AS AT DECEMBER 31, 2009

	2009 $	2008 $
REVENUES		
Donations	11,500	5,300
Interest	21	299
	11,521	5,599
EXPENDITURES		
Bank service charges	40	14
Library resources	-	90
Professional fees	828	170
Purchases	4,814	-
Scholarships	4,844	1,750
	10,526	2,024
Excess of revenue over expenditures	995	3,575

See accompanying note to financial statements.

Belanger Clarke Follett & McGettigan, Chartered Accountants

LABRADOR SCHOOL BOARD TRUST FUND
NOTE TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2009

1. Nature of the Operations

The Labrador School Board Trust Fund was established to encourage donations from the business community and individuals to assist with the provision of scholarships, the purchase of additional classroom resources and the broadening of the educational curriculum and to assist students to avail of greater academic opportunities.

LIVESTOCK OWNERS COMPENSATION BOARD

LIVESTOCK OWNERS COMPENSATION FUND

FINANCIAL STATEMENTS

31 MARCH 2010

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Board of Directors
Livestock Owners Compensation Board
Corner Brook, Newfoundland and Labrador

I have audited the balance sheet of the Livestock Owners Compensation Board, Livestock Owners Compensation Fund as at 31 March 2010 and the statement of revenues, expenses and deficit for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Livestock Owners Compensation Board, Livestock Owners Compensation Fund as at 31 March 2010 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
7 June 2010

LIVESTOCK OWNERS COMPENSATION BOARD
LIVESTOCK OWNERS COMPENSATION FUND
BALANCE SHEET

31 March	2010	2009
ASSETS		
Current		
Cash	$ 5,016	$ 11,732
Accounts receivable	1,200	1,200
	$ 6,216	$ 12,932
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	$ 1,203	$ 1,203
Equity		
Contributions – Province of Newfoundland and Labrador	78,895	78,895
Deficit	(73,882)	(67,166)
	5,013	11,729
	$ 6,216	$ 12,932

Signed on behalf of the Board: C. MacDonald Gerald Wicks

Chairperson **Member**

LIVESTOCK OWNERS COMPENSATION BOARD
LIVESTOCK OWNERS COMPENSATION FUND
STATEMENT OF REVENUES, EXPENSES AND DEFICIT

For the Year Ended 31 March	**2010**	**2009**
REVENUES		
Province of Newfoundland and Labrador Payments on behalf of the Board for administration (Note 2)	$ 8,978	$ 8,145
Premiums from livestock owners	884	909
	9,862	9,054
EXPENSES		
Bank charges	5	31
Indemnity claims	7,595	4,141
Professional services (Note 2)	1,500	1,500
Salaries (Note 2)	7,478	6,645
	16,578	12,317
Excess of expenses over revenues	(6,716)	(3,263)
Deficit, beginning of year	(67,166)	(63,903)
Deficit, end of year	$ (73,882)	$ (67,166)

Authority

The Livestock Owners Compensation Board (the Board) operates under the authority of the *Livestock Insurance Act*. The purpose of the Board is to operate the Livestock Owners Compensation Fund to provide insurance to farmers of the Province to restrict the amount of livestock loss. Its affairs are managed by a Board of Directors appointed by the Lieutenant-Governor in Council. These statements are a representation of the activities of the Livestock Owners Compensation Fund.

1. Significant accounting policies

These financial statements have been prepared by the Board's management in accordance with Canadian generally accepted accounting principles. The Board does not prepare a statement of cash flows since the changes in cash flows are readily apparent from the other statements.

2. Payments on behalf of the Board for administration

The Board is administered by employees of the Department of Natural Resources. Salary costs of $7,478 (2009 - $6,645) and professional services cost of $1,500 (2009 - $1,500) applicable to the operation of the Board have been paid by the Department and are reflected in these financial statements as expenses of the Board and as revenue from the Province.

3. Economic dependence

As a result of the Board's reliance on Provincial funding to meet its administrative costs, the Board's ability to continue viable operations is dependent upon continued funding from the Province.

4. Financial instruments

The Board's financial instruments recognized on the balance sheet consist of cash, accounts receivable, and accounts payable and accrued liabilities. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them.

5. Income taxes

The Board is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

Financial Statements

Year Ended April 30, 2010

Belanger Clarke
Follett & McGettigan
CHARTERED ACCOUNTANTS · BUSINESS ADVISORS

Belanger Clarke
Follett & McGettigan
CHARTERED ACCOUNTANTS • BUSINESS ADVISORS

50 Main Street
P.O. Box 4
Corner Brook, NL
A2H 6C3
709 634 1590
709 634 1599 fax

AUDITORS' REPORT

To the Shareholders of Marble Mountain Development Corporation

We have audited the balance sheet of Marble Mountain Development Corporation as at April 30, 2010 and the statements of income, deficit and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at April 30, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Corner Brook, Newfoundland and Labrador
June 10, 2009

Belanger Clarke Follett & McGettigan
CHARTERED ACCOUNTANTS

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
Balance Sheet
As at April 30, 2010

	2010	2009
Assets		
Current		
Cash	$ **6,636**	$ 7,139
Accounts receivable	**95,116**	92,217
Inventory *(Note 2)*	**38,899**	48,220
Prepaid expenses	**40,598**	79,779
	181,249	227,355
Capital assets *(Notes 2, 4)*	**16,477,697**	17,466,031
Deferred charges *(Note 2)*	**-**	24,497
	$ **16,658,946**	$ 17,717,883
Liabilities		
Current		
Bank indebtedness *(Note 5)*	$ **1,269,879**	$ 1,890,789
Accounts payable and accrued liabilities *(Note 6)*	**174,612**	354,584
Current portion of obligations under capital lease *(Note 9)*	**100,621**	143,300
Deferred revenue	**22,741**	13,000
Deferred grant *(Note 8)*	**800,000**	-
Current portion of long term debt *(Note 15)*	**13,967**	13,967
	2,381,820	2,415,640
Long term debt *(Note 15)*	**286,033**	286,033
Obligations under capital lease *(Note 9)*	**181,531**	273,426
Deferred government assistance *(Notes 2, 7)*	**5,498,056**	5,791,833
	8,347,440	8,766,932
Shareholders' equity		
Contributed surplus	**23,130,703**	22,730,703
Deficit	**(14,819,197)**	(13,779,752)
	8,311,506	8,950,951
	$ **16,658,946**	$ 17,717,883

Contingent liability *(Note 12)*

Lease committments *(Note 11)*

On behalf of the Board

_______________ *Director*

_______________ *Director*

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
Statement of Deficit
Year Ended April 30, 2010

	2010	2009
Deficit - beginning of year		
As previously reported	**$ (13,779,757)**	$ (13,065,951)
Prior period adjustment *(Note 14)*	-	(10,763)
As restated	**(13,779,757)**	(13,076,714)
Excess of revenue over expenditure	**(141,572)**	199,512
	(13,921,329)	(12,877,202)
Amortization	**897,868**	902,550
Deficit - end of year	**$ (14,819,197)**	$ (13,779,752)

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

Statement of Income

Year Ended April 30, 2010

	2010	2009
Income (loss) from operations		
Lift Operations *(Schedule 1)*	$ (522,489)	$ (322,571)
Rental and Repair Shop *(Schedule 2)*	157,849	165,161
Cafeteria *(Schedule 3)*	7,147	60,204
Bar *(Schedule 4)*	25,647	73,583
Ski School *(Schedule 5)*	(1,441)	28,679
Events *(Schedule 6)*	83,533	41,735
Marketing *(Schedule 7)*	(65,448)	(127,408)
Marble Villa *(Schedule 8)*	131,057	192,253
Operating grant	401,247	400,000
Interest income	-	712
	217,102	512,348
Expenses		
Administration	18,612	12,809
Advertising	2,286	578
Bad debts	-	2,732
Board and committee meetings	1,273	3,627
Communications	11,187	7,288
Directors fees *(Note 13)*	5,715	3,940
Interest and bank charges	29,867	54,383
Interest on capital leases	28,181	25,979
Labour services	244,049	184,306
Miscellaneous	1,384	1,358
Professional fees	9,188	7,981
Travel and conference	6,932	7,855
	358,674	312,836
Excess of expenditures over revenue	$ (141,572)	$ 199,512

MARBLE MOUNTAIN DEVELOPMENT CORPORATION
Statement of Cash Flows
Year Ended April 30, 2010

	2010	2009
Operating activities		
Cash receipts from customers	$ 2,482,377	$ 2,634,849
Cash paid to suppliers and employees	(3,077,819)	(2,733,683)
Interest paid	(44,294)	(123,468)
Prior period adjustment	-	(10,763)
Interest income	-	712
Cash flow used by operating activities	(639,736)	(232,353)
Investing activities		
Purchase of capital assets	(194,229)	(552,400)
Proceeds on disposal of capital assets	-	21,841
Cash flow used by investing activities	(194,229)	(530,559)
Financing activities		
Bank indebtedness	(620,910)	112,218
Repayment of obligations under capital lease	(145,628)	(144,207)
Operating grant	800,000	400,000
Capital grant	800,000	400,000
Cash flow from financing activities	833,462	768,011
Increase (decrease) in cash flow	(503)	5,099
Cash - beginning of year	7,139	2,040
Cash - end of year	$ 6,636	$ 7,139
Cash consists of:		
Cash	$ 6,636	$ 7,139

1. Description of operations

The Corporation is a "Non-Profit Development Corporation" incorporated under the Corporations Act of Newfoundland and Labrador. Its affairs are managed by a Board of Directors appointed by the Lieutenant Governor in Council. The Province of Newfoundland and Labrador holds 100% of the issued common shares.

2. Summary of significant accounting policies

Inventory

Inventory is valued at the lower of cost and net realizable value.

Capital assets

Capital assets purchased by the Corporation are accounted for at cost. Donated assets are recorded at the estimated fair market value. Amortization is provided for on a straight-line basis over the estimated life of the assets as follows:

Area improvements	30 years
Buildings	15-40 years
Computer equipment	3 years
Equipment under capital lease	10 years
Furniture and fixtures	5 years
Lifts	30 years
Rental equipment	3 years
Signs	5 years
Vehicles	3-20 years

Deferred charges

Deferred charges represent the unamortized cost of purchasing uniforms for snow school instructors. Amortization of the deferred charge is provided on the straight-line basis over 3 years and is recorded as ski patrol expense in lift operations.

Government assistance and other contributions

Provincial government grants and other contributions related to the acquisition of capital assets are accounted for as contributed surplus. Federal government grants and other contributions related to the acquisition of capital assets are recorded as deferred government grants and amortized to income in relationship to the amortization of the asset involved. Government assistance and other contributions related to capital assets retired from service are credited against the related capital asset in the year of retirement.

Government grants related to operations are accounted for as revenue or as a reduction of the expense to which the grant relates.

(continues)

2. Summary of significant accounting policies *(continued)*

Revenue Recognition

We recognize revenues when they are earned, specifically when all the following conditions are met:

- services are provided or products are delivered to customers
- there is clear evidence that an arrangement exists
- amounts are fixed or can be determined
- our ability to collect is reasonably assured.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates include providing for amortization of capital assets and goodwill. Actual results could differ from these estimates.

3. Financial instruments

The Corporation's financial instruments consist of cash, accounts receivable, bank indebtedness, accounts payable and accrued liabilities, deferred revenue, obligations under capital leases, and long-term debt. Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

4. Capital assets

	Cost	Accumulated amortization	**2010 Net book value**	2009 Net book value
Area improvements	$ 12,288,213	$ 6,786,850	**$ 5,501,363**	$ 5,881,500
Buildings	10,653,764	3,997,835	**6,655,929**	6,866,353
Computer equipment	24,307	13,416	**10,891**	12,632
Equipment under capital lease	877,911	259,132	**618,779**	677,814
Furniture and fixtures	805,334	764,053	**41,281**	56,801
Lifts	5,000,963	2,747,017	**2,253,946**	2,351,208
Rental equipment	263,593	218,438	**45,155**	78,046
Signs	106,541	106,541	**-**	-
Vehicles	5,545,245	4,194,892	**1,350,353**	1,541,677
	$ 35,565,871	$ 19,088,174	**$ 16,477,697**	$ 17,466,031

5. Bank indebtedness

	2010	2009
Outstanding cheques in excess of funds on deposit	$ 137,384	$ 81,297
Line of credit	1,132,495	1,809,492
	$ 1,269,879	$ 1,890,789

The line of credit is authorized in the amount of $2,087,000 and bears interest at the rate of bank prime plus 0%. It is secured by a Provincial Government guarantee and letter of indemnity and overdraft agreement signed by the Board of Directors.

6. Accounts payable and accrued liabilities

	2010	2009
Trade	$ 136,692	$ 333,482
Harmonized sales tax payable	(3,134)	996
Payroll deductions payable	34,141	14,747
Wages payable	6,913	5,359
	$ 174,612	$ 354,584

7. Deferred government assistance - capital assets

	2010	2009
Balance, at beginning of year	$ 5,791,833	$ 6,085,611
Less: amount transferred to income by reduction of amortization expense for the year	(293,777)	(293,778)
Balance, at end of year	$ 5,498,056	$ 5,791,833

8. Government assistance and other contributions - operations

Province of Newfoundland and Labrador - Operating grant

For the year ended April 30, 2010, an administrative operating grant of $800,000 (2009 - $400,000) was approved and received. For the year ended April 30, 2010, a capital grant of $800,000 (2008 - $400,000) was received and recorded as contributed surplus.

The above administrative operating grant is subject to the terms and conditions as outlined in the contribution agreement

9. Obligations under capital lease

	2010	2009
Leascor Equipment Financing Inc., repaid during the year	$ -	$ 22,298
Alter Moneta Leasing, bearing interest at 6.76% per annum, repayable in monthly blended payments of $5,504. The lease matures on November 30, 2010 and is secured by a charge over specific equipment.	**32,384**	93,960
National Leasing, bearing interest at 8.45% per annum, repayable in monthly blended payments of $6,166. The lease matures on November 30, 2013 and is secured by a charge over specific equipment.	**228,080**	280,376
National Leasing, bearing interest at 10.835% per annum, repayable in monthly blended payments of $753. The lease matures on December 1, 2012 and is secured by a charge over specific equipment.	**12,966**	20,092
National Leasing, bearing interest at 3.86% per annum, repayable in monthly blended payments of $307. The lease matures on December 1, 2012 and is secured by specific equipment.	**8,722**	-
	282,152	416,726
Amounts payable within one year	**(100,621)**	(143,300)
	$ 181,531	$ 273,426

Future minimum capital lease payments are approximately:

2011	$ 100,621
2012	70,458
2013	69,100
2014	41,974
Total minimum lease payments	$ 282,152

10. Income taxes

The Corporation is a not-for-profit corporation wholly owned by the Province of Newfoundland and Labrador and as such is not subject to Federal and Provincial income taxes under the Canadian Income Tax Act.

11. Lease committments

The Corporation leases equipment under long-term operating leases which expire at various times between 2011 and 2012. The future minimum lease payments required under these long-term leases are approximately as follows:

2011	$ 6,462
2012	2,398
	$ 8,860

12. Contingent liability

As at April 30, 2010, a supplier had claimed that the Corporation owed it approximately $70,005 for services rendered. The Corporation's management feels the claim is unfounded and the likelihood of any loss resulting therefrom is undeterminable. Therefore, the Corporation has not recorded a provision for losses that may result from the claim.

13. Related party transactions

During the year ended April 30, 2010, director's fees of $6,192 (2008 - $3,940) were paid in aggregate to the Board of Directors of the Corporation.

14. Prior period adjustments

Prior period adjustments are the result of additional transactions recorded in the general ledger after the 2008 audited financial statements were completed.

15. Long term debt

	2010	2009
Department of Innovation, Trade and Rural Development, non-interest bearing and repayable in annual installments based on 20% of available cash flow. Due 2015.	$ **300,000**	$ 300,000
Amounts payable within one year	**(13,967)**	(13,967)
	$ **286,033**	$ 286,033

Principal repayment terms are approximately:

2011	$ 13,967
2015	286,033

The above long term debt is secured by a chattel mortgage on specific equipment. Long term debt repayments required to meet retirement provisions are based on available cash flow which is defined as net profit plus amortization less principal payments on long-term debt and capital leases. The Corporation has until 2015 to repay the loan in full.

16. Changes in non-cash working capital

	2010	2009
Accounts receivable	$ **(2,899)**	$ (8,621)
Inventory	**9,321**	(13,244)
Accounts payable and accrued liabilities	**(179,976)**	19,513
Prepaid expenses	**39,181**	1,975
Deferred revenue	**9,741**	(630)
Deferred grant	**800,000**	-
	$ **675,368**	$ (1,007)

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

Lift Operations

(Schedule 1)

Year Ended April 30, 2010

	2010	2009
Revenue		
Lift tickets	$ 524,662	$ 571,076
Season passes	560,428	581,611
Tenant-revenue	-	20,000
Children's centre	9,068	9,517
Facilities rental	3,280	649
Miscellaneous - Lifts	1,340	1,286
	1,098,778	1,184,139
Expenditures		
Children's centre	14,863	18,290
Communications	15,264	15,167
Management contract	109,564	92,400
Equipment rental	14,989	22,565
Heating and electricity	129,299	123,120
Insurance	98,542	117,330
Interest and bank charges	40,443	40,174
Labour services	363,539	395,499
Lift repairs	160,373	97,391
Maintenance		
Building	37,888	62,412
Equipment	-	701
Slopes	64,149	54,154
Miscellaneous	38,630	19,064
Municipal fees	33,385	13,385
Security	299	389
Ski patrol	78,811	85,388
Snowclearing	11,943	15,720
Snowmaking		
Electricity	126,499	118,353
Labour services	79,084	37,721
Equipment maintenance	68,624	35,876
Supplies	27,966	30,634
Vehicle operating		
Repairs	58,808	52,668
Fuel	45,168	53,355
Uniforms	3,137	4,954
	1,621,267	1,506,710
Loss from operations	$ (522,489)	$ (322,571)

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

Rental and Repair Shop

(Schedule 2)

Year Ended April 30, 2010

	2010	2009
Revenue	$ 219,773	$ 231,829
Expenditures		
Communications	490	590
Equipment rental	890	875
Labour services	58,234	64,865
Miscellaneous	93	(73)
Supplies	2,217	411
	61,924	66,668
Income from operations	$ 157,849	$ 165,161

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

Cafeteria

(Schedule 3)

Year Ended April 30, 2010

	2010	2009
Revenue	$ 226,927	$ 301,554
Cost of sales	119,662	123,744
Gross profit	107,265	177,810
Expenditures		
Communications	269	383
Labour services	85,857	100,113
Miscellaneous	167	519
Repairs and maintenance	3,838	2,891
Supplies	9,987	13,700
	100,118	117,606
Income from operations	$ 7,147	$ 60,204

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

Bar

(Schedule 4)

Year Ended April 30, 2010

		2010		2009
Revenue	$	129,244	$	159,762
Cost of sales		59,997		45,809
Gross profit		69,247		113,953
Expenditures				
Communications		274		157
Entertainment		6,000		8,798
Labour services		27,020		26,857
Licenses and fees		2,311		220
Repairs and maintenance		821		459
Secuity		1,536		594
Special events		4,805		2,407
Supplies		833		878
		43,600		40,370
Income from operations	$	25,647	$	73,583

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

Ski School

(Schedule 5)

Year Ended April 30, 2010

	2010	2009
Revenue	$ 127,987	$ 139,223
Expenditures		
Communications	324	507
Computer lease	153	366
Kunchers Club	1,198	5,685
Labour services	103,090	95,904
Miscellaneous	1,190	576
Supplies	2,169	3,942
Training	745	3,564
Uniforms	20,559	-
	129,428	110,544
Income (loss) from operations	$ (1,441)	$ 28,679

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

Events

(Schedule 6)

Year Ended April 30, 2010

	2010	2009
Revenue	$ 224,266	$ 223,050
Cost of sales	33,911	62,006
Gross profit	190,355	161,044
Expenditures		
Communications	845	767
Interest and bank charges	3,851	4,415
Labour services	97,831	102,711
Maintenance	511	1,550
Miscellaneous	2,544	3,255
Supplies	1,240	6,611
	106,822	119,309
Income from operations	$ 83,533	$ 41,735

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

Marketing

(Schedule 7)

Year Ended April 30, 2010

	2010	2009
Revenue		
Marketing revenues - Sponsorships	$ 40,578	$ 40,211
Marketing revenues - Advertising	119,447	19,950
	160,025	60,161
Expenditures		
Advertising		
Internet	3,000	2,250
Marketing campaign	-	1,020
Print	13,361	6,841
Radio	32,960	35,595
Television	95,869	33,129
Website	-	29,745
Communications	2,840	4,050
Complimentary Marble Villa rooms	9,045	8,908
Labour services	50,765	43,522
Membership fees	882	2,322
Office and postage	76	43
Ski shows and familiarization tours	6,299	7,358
Supplies	6,543	12,692
Travel and meetings	-	60
UK/International marketing	3,833	34
	225,473	187,569
Loss from operations	$ (65,448)	$ (127,408)

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

Marble Villa

(Schedule 8)

Year Ended April 30, 2010

	2010	2009
Revenue	$ **287,290**	$ 367,115
Expenditures		
Cable television	**4,814**	5,631
Common area expenses	**6,995**	7,870
Communications	**5,227**	5,494
Heat and light	**33,098**	33,414
Housekeeping	**31,346**	30,058
Insurance	**11,904**	6,804
Labour services	**22,689**	16,883
Laundry	**-**	6,016
Marketing	**4,124**	1,500
Miscellaneous	**459**	1,842
Repairs and maintenance	**21,015**	43,112
Security wages	**6,458**	9,399
Supplies	**8,104**	6,839
	156,233	174,862
Income from operations	$ **131,057**	$ 192,253

MEMORIAL
UNIVERSITY

Consolidated Financial Statements with Supplementary Schedules

Year Ended March 31, 2010

AUDITORS' REPORT

To the Board of Regents of
Memorial University of Newfoundland

We have audited the consolidated statement of financial position of **Memorial University of Newfoundland** [the "University"] as at March 31, 2010 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the University as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Ernst + Young LLP

St. John's, Canada,
June 14, 2010.

Chartered Accountants

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31
[thousands of dollars]

	2010	2009
ASSETS		
Current		
Cash and cash equivalents	**29,970**	18,633
Restricted cash *[note 4]*	**2,758**	-
Short-term investments	**66,038**	60,799
Accounts receivable	**47,311**	45,939
Accrued interest receivable	**2,848**	3,964
Inventory and prepaid expenses	**6,192**	5,963
Total current assets	**155,117**	135,298
Long-term receivable	**2,991**	2,991
Investments *[note 7]*	**81,612**	61,783
Capital assets, net *[note 5]*	**176,466**	167,611
	416,186	367,683
LIABILITIES, DEFERRED CONTRIBUTIONS AND NET (DEFICIENCY) ASSETS		
Current		
Bank indebtedness *[note 9]*	**17,681**	19,028
Accounts payable and accrued liabilities	**29,637**	19,322
Deferred revenue	**20,379**	21,782
Current portion of employee future benefits *[note 12]*	**13,608**	12,396
Current portion of long-term debt *[note 8]*	**733**	826
Total current liabilities	**82,038**	73,354
Long-term debt *[note 8]*	**373**	744
Derivative liability *[note 9]*	**1,795**	3,460
Employee future benefits *[note 12]*	**118,093**	82,750
Total liabilities	**202,299**	160,308
Deferred contributions		
Deferred contributions *[note 6]*	**220,541**	200,692
Net (deficiency) assets		
Net assets restricted for endowment purposes	**61,992**	60,399
Unrestricted net deficiency	**(68,646)**	(53,716)
Total net (deficiency) assets	**(6,654)**	6,683
	416,186	367,683

See accompanying notes to consolidated financial statements
Contingencies *[note 11]*

On behalf of the Board:

Robert E. Simmonds

Chair of the Board of Regents   Chair of the Finance Committee

Memorial University of Newfoundland **Statement 2**

CONSOLIDATED STATEMENT OF OPERATIONS

Year ended March 31
[thousands of dollars]

	2010	2009
REVENUE		
Government grants	**348,139**	315,105
Student fees	**57,056**	54,788
Other revenue	**32,577**	36,598
Amortization of deferred capital contributions	**21,773**	24,477
Sales and services	**16,778**	16,958
Investment income (loss) *[note 7]*	**13,754**	(4,329)
	490,077	443,597
EXPENSES		
Salaries	**264,949**	242,012
Employee benefits	**47,611**	42,087
Materials and supplies	**37,123**	33,878
Employee future benefits	**36,686**	(14,789)
Scholarships, bursaries and awards	**22,952**	21,942
Amortization of capital assets	**22,051**	23,528
Repairs and maintenance	**20,437**	17,881
Utilities	**19,804**	23,586
Externally contracted service	**14,776**	12,527
Travel and hosting	**14,330**	16,282
Other operating expenses	**11,002**	13,789
Professional fees	**9,974**	12,443
Equipment rentals	**2,866**	2,675
Interest expense	**889**	355
Derivative liability (gain) loss	**(1,664)**	3,460
External cost recoveries	**(18,303)**	(18,441)
	505,483	433,215
Excess of (expenses over revenue) revenue over expenses	**(15,406)**	10,382

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN NET (DEFICIENCY) ASSETS

As at March 31
[thousands of dollars]

	Restricted for Endowment Purposes	Unrestricted	2010	2009
Balance, beginning of year	**60,399**	**(53,716)**	**6,683**	(6,522)
Excess of (expenses over revenue) revenue over expenses	**(476)**	**(14,930)**	**(15,406)**	10,382
Endowment contributions	**2,069**	**–**	**2,069**	2,823
Balance, end of year	**61,992**	**(68,646)**	**(6,654)**	6,683

See accompanying notes to consolidated financial statements

Memorial University of Newfoundland Statement 4

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended March 31
[thousands of dollars]

	2010	2009
OPERATING ACTIVITIES		
Excess of (expenses over revenue) revenue over expenses	**(15,406)**	10,382
Items not affecting cash:		
Amortization of capital assets	**22,051**	23,528
Net increase in deferred contributions related to expenses of future periods	**7,843**	4,299
Increase (decrease) in long-term portion of employee future benefits	**35,343**	(16,814)
Increase in current portion of employee future benefits	**1,212**	2,025
Amortization of deferred capital contributions	**(21,773)**	(24,477)
Loss on disposal of capital assets	**517**	1,905
(Decrease) increase in derivative liability	**(1,665)**	3,460
Reduction in long-term receivable	**–**	83
Unrealized (gain) loss on investments	**(9,746)**	8,534
Change in non-cash working capital	**8,427**	(4,318)
Cash provided by operating activities	**26,803**	8,607
INVESTING ACTIVITIES		
Capital assets acquired	**(31,755)**	(24,055)
Increase in restricted cash	**(2,758)**	–
Increase in short-term investments	**(5,239)**	(45,741)
Increase in investments	**(10,083)**	(5,898)
Cash used in investing activities	**(49,835)**	(75,694)
FINANCING ACTIVITIES		
(Decrease) increase in bank indebtedness	**(1,347)**	13,953
Endowment contributions	**2,069**	2,823
Addition to deferred capital contributions	**33,779**	18,547
Decrease in long-term debt	**(132)**	(229)
Cash provided by financing activities	**34,369**	35,094
Net change in cash and cash equivalents during the year	**11,337**	(31,993)
Cash and cash equivalents, beginning of year	**18,633**	50,626
Cash and cash equivalents, end of year	**29,970**	18,633
SUPPLEMENTARY INFORMATION		
Interest paid	**889**	345

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2010

1. AUTHORITY AND PURPOSE

Memorial University of Newfoundland [the "University"] is a corporation operating under the authority of the *Memorial University Act*. It is a comprehensive research university offering a full range of undergraduate, graduate and continuing studies programs. The academic governance of the University is vested in the Senate. The University is a not-for-profit entity, governed by a Board of Regents, the majority of whom are appointed by the Province of Newfoundland and Labrador. The University is a registered charity under the *Income Tax Act [Canada]* and, accordingly, is exempt from income taxes, provided certain requirements of the *Income Tax Act [Canada]* are met.

2. SIGNIFICANT ACCOUNTING POLICIES

General

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles [GAAP]. The significant accounting policies are summarized as follows:

Use of estimates

The preparation of consolidated financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates. Estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period during which they become known.

Consolidated statements

These financial statements have been prepared on a consolidated basis, reporting the operations and financial position of the University and the following related not-for-profit organizations:

C-CORE
The Canadian Centre for Fisheries Innovation [CCFI]
Genesis Group Inc.
The Memorial University of Newfoundland Botanical Garden Incorporated
Memorial University Recreation Complex [MURC]
Western Sports and Entertainment Inc.
Campus Childcare Inc.
Newfoundland Quarterly Foundation
Edutech Services Inc.

Cash and cash equivalents

Cash and cash equivalents consist primarily of cash, treasury bills and bankers' acceptances. Investments with original maturities of three months or less are classified as cash equivalents.

Revenue recognition

The University follows the deferral method of accounting for contributions, which include donations and government grants. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions externally restricted for purposes other than endowment are deferred and recognized as revenue in the year during which related expenses are recognized. Contributions of capital assets are recorded at fair market value at the date of the contribution and deferred and amortized to operations on the same basis as the related asset. Endowment contributions are recognized as direct increases in the net assets in the year during which they are received. Revenues from contracts, sales and student fees are recognized when the goods or services are provided and collection is reasonably assured.

Contributed services

Volunteers, including volunteer efforts from the staff of the University, contribute an indeterminable number of hours per year to assist the University in carrying out its service delivery activities. The costs that would otherwise be associated with these contributed services are not recognized in these consolidated financial statements.

Capital assets

Purchased capital assets are recorded at cost. Donated capital assets are recorded at fair value at the date of acquisition. Repairs and maintenance expenditures are charged to expenses. Betterments which extend the estimated life of an asset are capitalized.

The University's permanent art collection is expensed as incurred and the value of donated art is not recognized in these consolidated financial statements.

Capital assets are amortized using the following methods and rates. Half a year's amortization is taken in the year of acquisition and no amortization in the year of disposal.

Buildings	8% declining balance
Furniture and equipment	20% declining balance
Computers	30% declining balance
Banner finance	20% declining balance
Vehicles	30% declining balance
Library collection	10 years straight-line

Inventory

Inventory is valued at the lower of cost and net realizable value.

The amount of inventories recognized as an expense during the year amounted to $12.5 million [2009 – $12.9 million].

Investment income

Investment income in the consolidated statement of operations includes interest, dividends, realized and unrealized gains and losses as well as related expenses.

Employee future benefits

Pension plan

The employees of the University participate in a defined benefit pension plan administered under the *Memorial University Pensions Act* with any deficiencies being funded by the Province of Newfoundland and Labrador. Payments to the pension plan consist of contributions from employees and from the University as prescribed in the *Pension Benefits Act (1997)* [PBA]. In addition, where the plan experiences a solvency deficiency, the employer is required to contribute an amount sufficient to liquidate the deficiency within five years of the solvency valuation date. The University's contributions to the pension plan are recorded as an expense in the consolidated statement of operations. The assets and obligations of the plan are not recorded in these consolidated financial statements.

The plan is being funded in accordance with the March 31, 2008 actuarial valuation. The special payment required in the 2010/2011 fiscal year in respect of the going concern deficiency identified in the valuation is $5.4 million.

The most recent valuation of the plan was prepared as at March 31, 2010 for internal management purposes by Eckler Ltd. This valuation disclosed a solvency deficiency of $275.1 million and a going concern deficiency of $292.5 million at March 31, 2010. Under the PBA, a going concern deficiency must be funded over a period of not more than 15 years while a solvency deficiency is to be funded over a maximum five year period.

The going concern deficiency of $292.5 million includes $73.9 million in respect of past service costs related to the introduction of indexing in 2004. This indexing liability is being financed under a special PBA provision through both employee and employer contributions over the remaining period of 34.25 years. In accordance with the PBA, the balance of the going concern deficiency, namely $218.6 million, would normally be liquidated over a period of not more than 15 years. If plan funding were based on the March 31, 2010 valuation, the first annual payment in respect of this balance would be $17.8 million.

At present, the University has an exemption under the PBA from making payments relating to the solvency deficiency. This exemption expires December 31, 2010 and application has been made to have this extended.

Other post-employment benefits

In addition to the University's pension plan previously discussed, the University also has defined benefit plans for other post-employment benefits. These benefits are actuarially determined using the projected benefit method prorated on service and administration's best estimate of salary escalation, retirement ages of employees and escalation in covered benefit expense outlays. Gains (losses) are fully recognized in the current year. These post-employment benefits are:

Supplemental Retirement Income Plan [SRIP]
Voluntary Early Retirement Income Plan [VERIP]
Other benefits [include severance, accrued vacation, group life insurance and health care benefits]

Accrued vacation for employees represents vacation earned but not yet taken as at year end. It is expected that accrued vacation will be taken in the next fiscal year.

Additional disclosure is provided in *note 12*.

Agency obligations

The University acts as an agent which holds resources and makes disbursements on behalf of various unrelated groups. The University has no discretion over such agency transactions. Resources received in connection with such agency transactions are reported as liabilities and subsequent distributions are recorded as decreases to these liabilities.

Derivative financial instruments

Derivative financial instruments are utilized by the University in the management of interest rate exposure related to its bank indebtedness. The University does not utilize derivative financial instruments for trading or speculative purposes.

The University enters into interest rate swaps in order to reduce the impact of fluctuating interest rates on its floating rate bank indebtedness. The fair value of these derivatives is recorded in the consolidated statement of financial position and any "mark-to-market" adjustment is recorded in interest expense. These swap agreements require the periodic exchange of payments without the exchange of the notional principal amount on which the payments are based.

Derivative financial instruments are classified as held-for-trading and carried at fair value with the change in fair value being recorded on the statement of operations.

Financial instruments

The University applies the Canadian Institute of Chartered Accountants [CICA] Handbook Section 3861, *Financial Instruments – Disclosure and Presentation.* The disclosures required by Section 3861 are provided in *note 13.*

3. CHANGES IN ACCOUNTING POLICY

Impact of adopting new accounting policies

Financial statement presentation

Effective April 1, 2009 the University adopted retroactively revisions to the *CICA Handbook* Section 4400 series and certain other Sections to amend or improve certain parts that relate to not-for-profit organizations. The revisions that have been adopted together with their impact are set out below.

With respect to presentation, Section 1540, *Cash Flow Statements*, requires the reporting of interest paid to be disclosed separately. Also, investing and financing activities that do not require the use of cash and cash equivalents are excluded from the statement of cash flows. Therefore, capital assets acquired by means of a capital lease are no longer included nor is the increase in the related capital lease obligation. Section 4470, *Disclosure of Allocated Expenses by Not-for-Profit Organizations*, was included in the revisions which require certain disclosures when fundraising and general support expenses are allocated to other functions. The adoption of this new recommendation had no impact on the University's consolidated financial statements.

Financial statement concepts

Effective April 1, 2009, the University adopted the recommendations of Section 1000, *Financial Statement Concepts*, which has been amended to focus on the capitalization of costs that truly meet the definition of an asset and de-emphasize the matching principle. The adoption of these new recommendations had no significant impact on the University's consolidated financial statements.

Impact of adopting future accounting policies

Recent accounting pronouncements that have been issued but are not yet effective and have a potential implication for the University are as follows:

Consolidated Financial Statements

The CICA has issued new Section 1601, *Consolidated Financial Statements* which applies to fiscal years beginning on or after January 1, 2011. Adoption of this standard is not expected to have a significant impact on the University's consolidated financial statements.

4. RESTRICTED CASH

Restricted cash consists of premiums paid to Manulife Financial on behalf of employees which are held in an interest-bearing bank account to be used to fund future rate increases or enhancements in the long term disability and basic term life insurance plans. The related liability is included in accounts payable and accrued liabilities.

5. CAPITAL ASSETS

(thousands of dollars)	2010			2009
	Cost	Accumulated amortization	Net book value	Net book value
Buildings	**231,853**	**129,198**	**102,655**	98,724
Furniture and equipment	**87,454**	**49,885**	**37,569**	30,031
Computers	**22,443**	**17,098**	**5,345**	7,133
Banner finance	**1,721**	**1,397**	**324**	407
Vehicles	**3,295**	**2,530**	**765**	1,086
Library collection	**130,232**	**100,424**	**29,808**	30,230
	476,998	**300,532**	**176,466**	167,611

Capital assets include certain assets under capital lease with a net book value of $2.0 million [2009 – $2.4 million].

6. DEFERRED CONTRIBUTIONS

Expenses of future periods

Deferred contributions related to expenses of future periods represent unspent externally restricted grants and donations for research and programs.

(thousands of dollars)	2010	2009
Balance, beginning of year	**53,337**	49,038
Grants and donations received during the year	**62,703**	48,444
Expenses incurred during the year	**(54,860)**	(44,145)
Balance, end of year	**61,180**	53,337

Capital assets

Deferred capital contributions related to capital assets represent the unamortized and unspent amount of donations and grants received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the consolidated statement of operations.

(thousands of dollars)	2010	2009
Balance, beginning of year	**147,355**	153,285
Additional contributions received	**33,779**	18,547
Less: amounts amortized to revenue	**(21,773)**	(24,477)
Balance, end of year	**159,361**	147,355

Total deferred contributions

(thousands of dollars)	2010	2009
Expenses of future periods	**61,180**	53,337
Capital assets	**159,361**	147,355
Balance, end of year	**220,541**	200,692

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2010

7. INVESTMENTS

Investments as at March 31

(thousands of dollars)	2010		2009	
	Cost	**Fair Value**	**Cost**	**Fair Value**
Fixed income	**45,843**	**48,485**	39,720	40,521
Equities	**31,245**	**33,127**	27,255	21,262
	77,088	**81,612**	66,975	61,783

Investment income (loss) for the year ended March 31

(thousands of dollars)	2010	2009
Investment income	**4,462**	5,129
Unrealized gain (loss) on investments	**9,746**	(8,534)
Related expenses	**(454)**	(924)
	13,754	(4,329)

8. LONG-TERM DEBT

(thousands of dollars)	2010	2009
RBC Royal Bank, fixed term demand loan, related to Harlow campus, 5.19% interest, repayable in nine equal annual, blended payments of $121, maturing in April 2012, unsecured	**330**	428
CMHC mortgage on Queen's College, 5.875% interest, repayable in 50 equal, blended payments of $29 semi-annually, maturing in June 2019, secured	**385**	419
Capital leases negotiated through the RBC Royal Bank, interest rates vary, payable in equal annual installments, secured by assets under lease	**391**	723
	1,106	1,570
Less: current portion	**733**	826
	373	744

Annual repayments of long-term debt over the next five years are as follows:

(thousands of dollars)

2011	733
2012	60
2013	44
2014	43
2015	46

9. BANK INDEBTEDNESS

Pursuant to Section 41 of the *Memorial University Act*, the University has received approval from the Lieutenant-Governor in Council to borrow to finance two capital projects. The projects involved the construction of a new residence complex for Sir Wilfred Grenfell College [Project 1] and the implementation of an energy performance program in five buildings on the University's main campus in St. John's [Project 2]. The debt has been negotiated using bankers' acceptances [BA's] which mature during the 2010/11 fiscal year. Management expects to refinance these loans through BA's for the balance of the term of the loan. Disclosure related to interest rate risk is provided in *note 13*.

Derivative liability

Project 1 interest rate swap transaction involves the exchange of the underlying floating rate Canadian BA for a fixed interest rate of 4.76% and expires April 12, 2017. The notional amount of this swap transaction is $3.0 million and the fair value is a liability of $0.3 million [2009 – $0.5 million].

Project 2 interest rate swap transaction involves the exchange of the underlying floating rate Canadian BA for a fixed interest rate of 5.12% and expires October 1, 2022. The notional amount of this swap transaction is $13.8 million and the fair value is a liability of $1.5 million [2009 – $2.9 million].

10. MEMORIAL UNIVERSITY ACT

In accordance with the *Memorial University Act*, the University is normally prohibited from recording a deficit on its consolidated financial statements. During 1996, pursuant to Section 36 of the *Memorial University Act*, the University received approval from the Lieutenant-Governor in Council to record a deficit of up to $5.0 million in 1996 and an additional $10.0 million in 1997 as a result of the recognition of the liabilities related to VERIP for faculty and staff. During 2001, the University received approval from the Lieutenant-Governor in Council to exclude from the definition of a deficit, pursuant to Section 36 of the *Memorial University Act*, any amounts resulting from the recognition of the liabilities related to recording vacation pay entitlements, severance and any other post-employment benefits.

11. CONTINGENCIES

(a) Canadian University Reciprocal Insurance Exchange [CURIE]

The University participates in a self-insurance cooperative involving a contractual agreement to share the insurance property and liability risks of member universities for a term of not less than five years.

In the event that premiums are not sufficient to cover claims settlements, the member universities would be subject to an assessment in proportion to their participation. For the year ended December 31, 2009, CURIE has a surplus of $11.0 million and a cumulative subscribers' equity of $32.0 million. The University's pro rata share is approximately 3% on an ongoing basis.

(b) Class action lawsuit

In 2007, a class action lawsuit was filed on behalf of all former employees of the University who retired or terminated employment on or before December 31, 1992 and were entitled to receive post-retirement life, health and dental group insurance benefits. The lawsuit alleges that this group of retirees was entitled to receive these insurance benefits for life, at no cost to the group of retirees. This action has been certified as a class action and the University has sought leave to appeal from the decision certifying the action. The University continues to defend its position and the potential exposure to this claim is indeterminable at the present time.

12. OTHER POST-EMPLOYMENT BENEFITS

Supplemental retirement income plan [SRIP]

In May 1996, the Board of Regents approved a SRIP to provide benefits to employees of the University whose salaries exceed the Canada Revenue Agency maximum pensionable salary and whose defined benefit pension, therefore, exceeds the maximum benefit payable from the plan.

The significant actuarial assumptions used in measuring SRIP include a discount rate of 5.7% [2009 – 7.5%] and an average compensation increase of 4.5% [2009 – 4.5%].

Voluntary early retirement income plan [VERIP]

In February and May 1996, the University offered faculty and staff, who reached the age 55 and attained a minimum of 10 years pensionable service, an opportunity to take an early retirement under the provisions of the VERIP.

Subject to eligibility criteria, the plan provided an incentive of enhanced pension benefits of up to five years' pensionable service and waiver of actuarial reduction, if applicable, or a lump sum early retirement payment. The early retirement incentive is unfunded. Current year payments are funded on an annual basis from operations.

The significant actuarial assumptions used in measuring VERIP includes a discount rate of 5.7% [2009 – 7.5%].

Other benefits

The University has a number of other post-employment benefits providing group life insurance and health care benefits on a cost shared basis to retired employees, and in certain cases, their surviving spouses. In addition, the University pays a severance payment to certain employee groups upon termination, retirement or death, provided they meet certain eligibility criteria. Vacation liability is also accrued and is expected to be used by employees in the next fiscal year.

The significant actuarial assumptions used in measuring other benefits include a discount rate of 5.7% [2009 – 7.5%] and an average rate of compensation increase of 4.5% [2009 – 4.5%].

	SRIP		VERIP		Other benefits	
(thousands of dollars)	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Accrued benefit obligation						
Balance, beginning of year	**5,543**	5,450	**5,466**	6,550	**72,487**	88,210
Current service cost	**237**	229	**–**	–	**2,408**	3,300
Interest cost	**416**	305	**410**	367	**5,461**	5,331
Benefits paid	**(265)**	(241)	**(576)**	(580)	**(3,310)**	(4,421)
Actuarial loss (gain)	**3,396**	(200)	**692**	(871)	**26,664**	(19,933)
	9,327	5,543	**5,992**	5,466	**103,710**	72,487
Current plan expense						
Current service expense	**237**	229	**–**	–	**2,408**	3,300
Interest cost	**416**	305	**410**	367	**5,461**	5,331
Actuarial loss (gain)	**3,396**	(200)	**692**	(871)	**26,664**	(19,933)
	4,049	334	**1,102**	(504)	**34,533**	(11,302)

A summary of these accrued benefit obligations are as follows:

(thousands of dollars)	2010	2009
Employee future benefits	**103,710**	72,487
Supplemental retirement income plan	**9,327**	5,543
Voluntary early retirement income plan	**5,992**	5,466
Accrued vacation	**12,672**	11,650
	131,701	95,146
Less: current portion	**13,608**	12,396
Long-term employee future benefits	**118,093**	82,750

13. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the University's designation of such instruments. The standards require that all financial assets be classified either as held-for-trading [HFT], available-for-sale [AFS], held-to-maturity [HTM], or loans and receivables and all financial liabilities to be classified as either HFT or other liabilities [OL]. Subsequent to initial recognition, the standards require that all financial assets and liabilities be measured at fair value with the exception of loans and receivables, securities classified as HTM, liabilities classified as OL, and AFS financial assets that do not have quoted market prices in an active market. These are measured at amortized cost using the effective interest rate method [EIM].

Classification of financial instruments

The University has designated its financial instruments as shown in the following table. The financial instruments are measured as follows based on their classification.

Asset/Liability	Classification	Measurement
Cash, cash equivalents and restricted cash	Held-for-trading	Fair value
Investments	Held-for-trading	Fair value
Accrued interest receivable	Loans and receivables	Amortized cost using EIM
Accounts receivable	Loans and receivables	Amortized cost using EIM
Long-term receivable	Loans and receivables	Amortized cost using EIM
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost using EIM
Bank indebtedness	Other financial liabilities	Amortized cost using EIM
Long-term debt	Other financial liabilities	Amortized cost using EIM
Derivative liability	Held-for-trading	Fair value

Held-for-trading

HFT financial assets and liabilities are financial assets typically acquired for resale prior to maturity. They are measured at fair value at the consolidated statement of financial position date. Interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses from market fluctuations are included in the consolidated statement of operations.

Loans and receivables

Loans and receivables are accounted for at amortized cost using EIM.

Other financial liabilities

Other liabilities are recorded at amortized cost and include all liabilities and long-term debt.

Embedded derivatives

There are no embedded derivatives in the consolidated financial statements of the University.

Credit risk

The University is exposed to credit risk with respect to accounts receivable from students and clients. Services are provided to a large number of students and entities, which minimizes the concentration of credit risk. The University routinely monitors the receivable balances and establishes an appropriate allowance for doubtful accounts based upon factors surrounding credit risk, historical trends, and other information.

Interest rate risk

The University's exposure to interest rate risk relates to its floating interest rate bank indebtedness which utilizes BA's. The University has managed this floating interest rate risk by entering into interest rate swap agreements with the RBC Royal Bank to offset the movement in the BA rates. Any change in BA rates will be offset by a corresponding change in the interest rate swap. The fair value of these interest rate swap agreements are recorded in the consolidated statement of financial position and the change in value is reflected in the consolidated statement of operations.

Liquidity risk

The University is exposed to liquidity risk with respect to its contractual obligations and financial liabilities. This risk is managed by maintaining adequate cash and cash equivalents. The University believes that cash and cash equivalents on hand, future cash flows from government grants and student fees will be adequate to meet its financial obligations.

Market risk

The University is exposed to market risk on its investments due to future fluctuations in market prices. This risk is managed by a Statement of Investment Policy and Objectives approved by the Board of Regents which includes investment policy provisions for an acceptable asset mix structure and quality constraints on fixed income instruments.

14. CAPITAL DISCLOSURES

The University considers its capital to be its net assets. Its restricted net assets consist of amounts restricted for endowment purposes. The University's objectives when managing its capital are to safeguard its ability to continue as a going concern in order to provide services to its students and research funding agencies. Annual budgets are developed and monitored to ensure the University's capital is maintained at an appropriate level. The University has no external restrictions imposed on its capital, excluding its endowments.

15. COMPARATIVE FIGURES

Certain of the 2009 comparative figures have been reclassified to conform to the consolidated financial statement presentation adopted in 2010.

Grant Thornton

Consolidated Financial Statements

Multi-Materials Stewardship Board

March 31, 2010

Grant Thornton

Auditors' report

Grant Thornton LLP
187 Kenmount Road
St. John's, NL
A1B 3P9

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To the Directors of the

Multi-Materials Stewardship Board

We have audited the consolidated statement of financial position of the Multi-Materials Stewardship Board as at March 31, 2010, and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Board as at March 31, 2010, and the consolidated results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland and Labrador

June 9, 2010

Chartered Accountants

Multi-Materials Stewardship Board

Consolidated Statement of Operations

Year Ended March 31	2010	2009
Revenue		
Gross revenue from deposits	$ 21,263,547	$ 20,489,496
By-product revenue	1,762,755	2,329,179
Residential Backyard Composting Program	60	3,749
Household Hazardous Waste Program	68,215	71,526
	23,094,577	22,893,950
Cost of sales (Note 11)	20,669,866	18,942,279
Gross margin	2,424,711	3,951,671
Miscellaneous income	45,347	386,856
Income before expenses	2,470,058	4,338,527
Expenses		
Administrative (Page 13)	2,214,255	2,156,278
Grant disbursements	1,309,745	2,929,149
	3,524,000	5,085,427
Excess of expenses over revenue	$ (1,053,942)	$ (746,900)

Multi-Materials Stewardship Board

Consolidated Statement of Changes in Net Assets

Year Ended March 31

			2010	2009
	Invested in Capital Assets	Unrestricted Net Assets	**Total**	Total
Net assets, beginning of year	$ 360,973	$ 17,827,368	**$ 18,188,341**	$ 18,935,241
Excess of expenses over revenue	(96,113)	(957,829)	**(1,053,942)**	(746,900)
Investments in capital assets (net of proceeds on disposal of property and equipment)	39,029	(39,029)	**-**	-
Net assets, end of year	$ 303,889	$ 16,830,510	**$ 17,134,399**	$ 18,188,341

See accompanying notes to the consolidated financial statements.

Multi-Materials Stewardship Board
Consolidated Statement of Financial Position

March 31	2010	2009
Assets		
Current		
Cash and cash equivalents	$ 17,967,396	$ 20,635,456
Receivables (Note 6)	2,886,848	2,416,004
Inventories (Note 7)	63,411	44,998
Prepaids	47,105	46,312
Current portion of notes receivable	13,352	-
	20,978,112	23,142,770
Notes receivable, non-interest bearing, repayable over the next five years	53,408	-
Long term investments	756,474	465,121
Property and equipment (Note 8)	303,889	360,975
	$ 22,091,883	$ 23,968,866
Liabilities		
Current		
Payables and accruals	$ 958,345	$ 819,831
Grants payable	1,786,083	2,546,635
Unearned revenue	1,857,829	1,694,858
	4,602,257	5,061,324
Performance bonds payable	355,227	719,201
	4,957,484	5,780,525
Net Assets		
Net assets invested in capital assets	303,889	360,973
Unrestricted net assets	16,830,510	17,827,368
	17,134,399	18,188,341
	$ 22,091,883	$ 23,968,866

Commitments (Note 10)

On behalf of the Board

Chairperson Catherine Barrett Director

See accompanying notes to the consolidated financial statements.

Multi-Materials Stewardship Board

Consolidated Statement of Cash Flows

Year Ended March 31	2010	2009
(Decrease) increase in cash and cash equivalents		
Operating		
Excess of expenses over revenue	$ (1,053,942)	$ (746,900)
Depreciation	97,587	114,133
Gain on disposal of equipment	(1,474)	-
	(957,829)	(632,767)
Change in non-cash operating working capital (Note 9)	(949,113)	2,487,173
	(1,906,942)	1,854,406
Financing		
(Decrease) increase in performance bonds payable	(363,974)	262,725
Investing		
Increase in notes receivable	(66,760)	-
Increase in long term investments	(291,353)	(19,725)
Purchase of property and equipment	(44,404)	(65,146)
Proceeds from sale of property and equipment	5,373	-
	(397,144)	(84,871)
Net (decrease) increase in cash and cash equivalents	(2,668,060)	2,032,260
Cash and cash equivalents		
Beginning of year	20,635,456	18,603,196
End of year	$ 17,967,396	$ 20,635,456

See accompanying notes to the consolidated financial statements.

1. Nature of operations

The Multi-Materials Stewardship Board is a statutory corporation established pursuant to The Environmental Protection Act. This Board manages the Used Beverage Container Deposit Refund System, the Used Tire Recycling Program, the Residential Backyard Composting Program, and the Newfoundland and Labrador Waste Management Trust Fund in the Province of Newfoundland and Labrador and is mandated to support and promote the protection, enhancement and wise use of the environment through waste management programs.

The Board is exempt from income taxes under Section 149(1)(d) of the Canadian Income Tax Act.

2. Basis of consolidation

These consolidated financial statements include the accounts of the Multi-Materials Stewardship Board, the Residential Backyard Composting Program, and the Newfoundland and Labrador Waste Management Trust Fund.

The Multi-Materials Stewardship Board - Newfoundland and Labrador Waste Management Trust Fund is a restricted fund, managed by the Board, and its accounts have been grouped in these financial statements for consolidation purposes. Effective April 1, 2006, the accounts of the Household Hazardous Waste Program were combined with the accounts of the Newfoundland and Labrador Waste Management Trust Fund. Separate audited financial statements have been issued for this Trust Fund, with an audit report date of June 8, 2010.

The accounts of the Residential Backyard Composting Program have also been grouped in these financial statements for consolidation purposes. Separate audited financial statements have also been issued for this Program with an audit report date of June 7, 2010.

3. Summary of significant accounting policies

Fund accounting

Fund accounting is generally accepted as the basis of accounting for public sector organizations. A summary of significant accounting policies relating to fund accounting is as follows:

i) property and equipment are recorded at cost, net of proceeds on disposal;
ii) capital additions financed from the unrestricted funds are included in the net assets invested in capital assets account; and
iii) depreciation of property and equipment and gains (losses) on disposal are included in the net assets invested in capital assets account.

3. Summary of significant accounting policies (cont'd.)

Use of estimates

In preparing the Board's consolidated financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of three months or less. Cash and cash equivalents also include a balance of $6,080 (2009 - $254,080) in restricted cash related to the performance bonds payable.

Revenue recognition

Deposit revenue is recognized when remittances are collected plus an estimated accrual based on subsequent receipts.

Byproduct revenue is recognized upon shipment and when all significant contractual obligations have been satisfied and collection is reasonably assured.

Revenue from the sale of compost bins is recognized when the bins are sold by the depots or to municipalities.

Revenue from the Household Hazardous Waste Program is recognized as the municipalities are invoiced and collection is reasonably assured.

Grant revenue is recognized in the period in which entitlement arises. Revenue received for a future period is deferred until the future period when related costs have been incurred.

Miscellaneous income (including interest income) is recognized as earned.

Inventories

Inventories, which are comprised of aluminium beverage containers, and PET beverage containers, are valued at the lower of cost and net realizable value. Inventory is costed based on net realizable value using current market prices.

Long term investments

Loan term investments include guaranteed investment certificates with original maturities of greater than one year. At March 31, 2010 $349,147 (2009 - $465,121) of these investments are restricted to repay performance bonds at the end of the contracts if all conditions have been met by the parties involved.

3. Summary of significant accounting policies (cont'd.)

Depreciation

Rates and bases of depreciation applied to write-off the cost of property and equipment over their estimated lives are as follows:

Rocaps equipment	30%, declining balance
Office furniture and equipment	20%, declining balance
Leasehold improvements	5 years, straight line
Computer hardware	30%, declining balance
Computer software	30%, declining balance
Bags and tubs	30%, declining balance
Vehicle	30%, declining balance

Impairment of long-lived assets

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the value of the assets may not be recoverable, as measured by comparing their net book value to the estimated undiscounted cash flows generated by their use. Impaired assets are recorded at fair value, determined principally using discounted future cash flows expected from their use and eventual disposition.

Unearned revenue

Unearned revenue consists of deposits on containers yet to be returned for redemption and recycling. The amount recorded by the Board as unearned revenue consists of sixty days of deposits received from distributors, adjusted by an estimated recovery rate of 68% (March 31, 2009 – 68%).

Financial Instruments

The CICA Handbook Section 3855, "Financial Instruments - Recognition and Measurement", requires the Board to revalue all of its financial assets and liabilities at fair value.

This standard also requires the Board to classify financial assets and liabilities according to their characteristics and management's choices and intentions related thereto for the purposes of ongoing measurements. Classification choices for financial assets include: a) held for trading - measured at fair value with changes in fair value recorded in net earnings; b) held to maturity - recorded at amortized cost with gains and losses recognized in net earnings in the period that the asset is no longer recognized or impaired; c) available-for-sale - measured at fair value with changes in fair value recognized in other comprehensive income for the current period until realized through disposal or impairment; and d) loans and receivables - recorded at amortized cost with gains and losses recognized in net earnings in the period that the asset is no longer recognized or impaired.

3. Summary of significant accounting policies (cont'd.)

Classification choices for financial liabilities include: a) held for trading - measured at fair value with changes in fair value recorded in net earnings and b) other - measured at amortized cost with gains and losses recognized in net earnings in the period that the liability is no longer recognized. Subsequent measurement for these assets and liabilities are based on either fair value or amortized cost using the effective interest method, depending upon their classification. Any financial asset or liability can be classified as held for trading as long as its fair value is reliably determinable.

In accordance with the standard, the Board's financial assets and liabilities are classified and measured as follows:

Asset/Liability	**Classification**	**Measurement**
Cash and cash equivalents	Held for trading	Fair value
Receivables	Loans and receivable	Amortized cost
Notes receivables	Loans and receivable	Amortized cost
Long term investments and performance bonds payable	Held for trading	Fair value
Payables and accruals	Other financial liabilities	Amortized cost

Other balance sheet accounts, such as inventories, prepaids, property and equipment and unearned revenue, are not within the scope of these accounting standards as they are not financial instruments.

The fair value of a financial instrument is the estimated amount that the Board would receive or pay to terminate the instrument agreement at the reporting date. To estimate the fair value of each type of financial instrument various market value data were used as appropriate. The fair value of cash and cash equivalents approximated its carrying value.

4. Risk management

The Board's policy for managing significant risks includes policies, procedures and oversight designed to reduce the risks identified to an appropriate threshold. The Board of Directors is provided with timely and relevant reports on the management of significant risks. Significant risks managed by the Board include liquidity, credit and market risks.

Liquidity risk

Liquidity risk is the risk that the Board will be unable to meet its contractual obligations and financial liabilities. The Board manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient cash available to meet its obligations and liabilities.

4. Risk management (cont'd.)

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Board's credit risk is attributable to receivables. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates.

i) Interest rate risk

Interest rate risk is the risk that the value of a financial asset will fluctuate due to changes in market interest rates. The Board is exposed to interest rate risk through its cash and cash equivalents and long term investments. Interest rate risk is managed through holding low risk cash and cash equivalents and long term investments.

5. Capital management

The capital structure of the Board consists of net assets invested in capital assets and unrestricted net assets. The primary objective of the Board's capital management is to provide adequate funding to ensure efficient delivery of its services.

Net assets invested in capital assets represents the amount of net assets that are not available for other purposes because they have been invested.

Unrestricted net assets are funds available for future operations and are preserved so the Board can have financial flexibility should opportunities arise in the future.

6. Receivables

	2010	2009
Deposits	$ 2,352,643	$ 2,308,708
Trade and other	534,205	107,296
	$ 2,886,848	$ 2,416,004

7. Inventories

	2010	2009
Aluminium beverage containers	$ 52,450	$ 33,765
PET beverage containers	10,961	11,233
	$ 63,411	$ 44,998

8. Property and equipment

	Cost	Accumulated Depreciation	2010 Net Book Value	2009 Net Book Value
Rocaps equipment	$ 144,928	$ 80,653	$ **64,275**	$ 87,086
Office furniture and equipment	134,120	80,607	**53,513**	59,316
Leasehold improvements	35,073	30,146	**4,927**	6,027
Computer hardware	91,791	50,589	**41,202**	31,388
Computer software	212,841	178,779	**34,062**	38,139
Bags and tubs	402,955	300,924	**102,031**	130,993
Vehicle	9,048	5,169	**3,879**	8,026
	$ 1,030,756	$ 726,867	$ **303,889**	$ 360,975

9. Supplemental cash flow information

Change in non-cash operating working capital

	2010	2009
Receivables	$ **(470,844)**	$ 534,947
Inventories	**(18,413)**	73,920
Prepaids	**(789)**	7,395
Payables and accruals	**138,514**	228,989
Grants payable	**(760,552)**	1,562,223
Unearned revenue	**162,971**	79,699
	$ **(949,113)**	$ 2,487,173

10. Commitments

The Board is committed to minimum annual lease payments for property and equipment for the next four years as follows: 2011 - $234,168; 2012 - $233,146; 2013 - $70,143; and 2014 - $13,793.

The Board has entered into the following agreements:

(i) processing and transportation of beverage containers to July, 2014;
(ii) collection of used tires in Labrador West area to April, 2012;
(iii) collection and transportation of used tires in the island portion of Newfoundland and Labrador and the Labrador Straits to August, 2010;
(iv) collection of used tires in Happy Valley-Goose Bay area to February, 2013;
(v) transportation of used tires collected in Labrador to May, 2011; and
(vi) transportation and disposal of processed glass to March, 2011.

11. Cost of sales

In June 2004, the Board terminated its contract under the Used Tire Recycling Program with its previous contractor. Subsequent to this termination, the Board assumed responsibility for the Program and implemented a contingency plan for the storage of used tires. Included in the cost of sales is $692,553 (2008 - $787,938) of interim contingencies costs for the storage of used tires. The costs will be incurred until the Board is able to make alternate arrangements under the Used Tire Recycling Program.

Multi-Materials Stewardship Board

Consolidated Schedule of Administrative Expenses

Year Ended March 31	2010	2009
Advertising	$ 92,294	$ 143,859
Doubtful accounts	3,164	42,626
Depreciation	97,587	114,133
Directors' remuneration	16,055	19,653
Dues, licenses and education	11,833	26,865
Equipment rental	22,403	24,809
Insurance	9,705	8,681
Interest and bank charges	5,339	6,448
Marketing and communications	288,216	170,711
Meetings and entertainment	23,189	8,278
Miscellaneous	3,279	1,219
Professional fees	107,418	133,712
Rent	109,819	109,824
Repairs and maintenance	4,680	6,940
Rocaps supplies	54,615	16,568
Stationery and office supplies	50,068	42,820
Telecommunications	39,635	33,130
Travel – board and staff	129,950	85,177
Vehicle operating	15,837	8,960
Wages and benefits	1,129,169	1,151,865
	$ 2,214,255	$ 2,156,278

MUNICIPAL ASSESSMENT AGENCY INC.

FINANCIAL STATEMENTS

Year ended March 31, 2010

JOHN F. MORGAN

Chartered Accountant
Suite 901, TD Place, 140 Water Street
St. John's, NL A1C 6H6
Office: (709) 576-6776
Fax: (709) 576-6777

AUDITORS' REPORT

To the Shareholder of
Municipal Assessment Agency Inc.

I have audited the balance sheet of Municipal Assessment Agency Inc. as at March 31, 2010, and the statements of revenue, expenses and equity and changes in financial position for the year then ended. These financial statements are the responsibility of the corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 2010, and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

St. John's, Newfoundland
May 26, 2010

CHARTERED ACCOUNTANT

MUNICIPAL ASSESSMENT AGENCY INC.

BALANCE SHEET
AS AT MARCH 31, 2010

ASSETS

	2010	2009
CURRENT ASSETS:		
Cash	$ 460,834	$ 358,267
Accounts receivable (note 2)	120,209	192,611
Current portion of long term receivables (note 3)	58,402	55,519
Prepaid expenses	84,164	99,681
	723,609	706,078
Long term receivables (note 3)	48,255	63,330
Severance reserve fund (note 4)	944,492	886,920
Capital assets (note 5)	1,384,633	1,382,402
	$3,100,989	$3,038,730

LIABILITIES AND SHAREHOLDER'S EQUITY

	2010	2009
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$ 72,446	$ 270,298
Accrued vacation pay (note 6)	278,225	231,713
	350,671	502,011
Accrued severance pay (note 6)	944,492	886,920
	1,295,163	1,388,931

SHAREHOLDER'S EQUITY

	2010	2009
CAPITAL:		
Authorized and issued		
1 Common share	1	1
Equity from operations	1,805,825	1,649,798
	1,805,826	1,649,799
	$3,100,989	$3,038,730

Commitments and contingencies (note 6 and note 7)

On behalf of the board:

Fred Best.

MUNICIPAL ASSESSMENT AGENCY INC.

STATEMENT OF REVENUES, EXPENSES AND EQUITY
FOR THE YEAR ENDED MARCH 31, 2010

	2010	2009
REVENUES:		
Assessment services	$5,233,007	$4,865,688
Secondment revenue (note 1)	68,635	62,102
Valuation revenue	27,419	21,277
Interest revenue	583	33,504
Miscellaneous revenue	100	2,499
	5,329,744	4,985,070
EXPENSES:		
Salaries	3,248,275	3,107,387
Benefits	659,436	607,443
Travel	320,519	386,682
Information technology	196,635	230,674
Postage and courier	114,452	110,943
Premises and equipment lease	74,567	72,830
Telephone	72,308	74,875
Professional fees	64,800	121,573
Printing	59,512	50,223
Repairs and maintenance	55,798	52,396
Office supplies	50,496	42,366
Utilities	25,328	23,207
Insurance	20,704	20,817
Advertising and public relations	17,865	27,653
Payroll processing	4,754	5,045
Bank charges	1,636	2,181
Meetings and events	1,208	753
Office relocation	-	240
	4,988,293	4,937,288
Excess of revenues over expenses before the following:	341,451	47,782
Provision for severance and vacation pay (note 6)	104,084	123,951
Amortization of capital assets	115,125	129,418
Loss on disposal of capital assets	875	1,597
Bad debt expense (recovery)	(34,660)	(2,498)
Excess of revenues over expenses	156,027	(204,686)
Equity from operations, beginning of year	1,649,798	1,854,484
EQUITY FROM OPERATIONS, END OF YEAR	$1,805,825	$1,649,798

Commitments and contingencies (note 6 and note 7)

MUNICIPAL ASSESSMENT AGENCY INC.

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 2010

	2010	2009
OPERATING ACTIVITIES:		
Excess of revenues over expenses	$ 156,027	$ (204,686)
Items not affecting cash:		
Amortization of capital assets	115,125	129,418
Decrease in long-term receivable	12,192	(3,838)
Increase in severance pay accrual	57,572	97,003
Increase in vacation pay accrual	46,512	26,948
Loss on disposition of capital assets	875	1,597
Net change in non-cash working capital balance	(109,933)	118,337
CASH PROVIDED BY OPERATING ACTIVITIES	278,370	164,779
INVESTING ACTIVITIES:		
Purchase of capital assets	(118,231)	(112,963)
CASH USED IN INVESTING ACTIVITIES	(118,231)	(112,963)
Increase (decrease) in cash position	160,139	51,816
Cash position, beginning of year	1,245,187	1,193,371
CASH POSITION, END OF YEAR	$1,405,326	$1,245,187

Cash is represented by:		
Operating cash	$ 460,834	$ 358,267
Severance reserve fund	944,492	886,920
	$1,405,326	$1,245,187

Commitments and contingencies (note 6 and note 7)

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2010

General:

Effective April 2, 1997, the Municipal Assessment Agency Inc. (the "Corporation") was incorporated under the laws of the Province of Newfoundland and Labrador to carry out assessment services for various municipalities throughout the Province of Newfoundland and Labrador pursuant to the Assessment Act. Prior to this date, these services were performed by the Department of Municipal and Provincial Affairs, Government of Newfoundland and Labrador (the "Department").

The Corporation has one common share with a par value of $1.00 issued to the Minister of Municipal and Provincial Affairs, Government of Newfoundland and Labrador.

The Corporation is a crown corporation and, accordingly, is exempt from income taxes under Subsection 149(1)(d) of the Income Tax Act.

1. Summary of significant accounting policies:

The financial statements of the Corporation have been prepared within the framework of generally accepted accounting principles which require the use of estimates and assumptions that affect the amounts reported and disclosed in these statements and related notes. Any variations between these estimates and actual amounts are not expected to materially affect reported results. The more significant accounting policies of the Corporation are as follows:

(a) Capital assets

Capital assets purchased by the Corporation are recorded at cost. Amortization is recorded on a declining balance basis over the assets estimated useful lives at the following rates:

Furniture and equipment	20%
Computer hardware and software	30%
Integrated assessment system	30%
Buildings	4%

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2010

1. Summary of significant accounting policies (continued):

(b) Revenue recognition

Government assistance related to acquisition of capital assets is deferred and amortized to income on the same basis as the related capital assets are amortized.

Revenue for the provision of assessment and valuation services is recognized when the services are rendered.

Secondment revenue relates to employees who have been seconded out to government departments. The employee's salary is paid by the Agency and the government departments are invoiced on a monthly basis.

(c) Accrued severance pay

Severance pay is accounted for on an accrued basis and is calculated based upon years of service and current salary levels. The right to be paid severance pay vests with employees with nine years of continued service and accrues to a maximum of twenty years and, accordingly, no provision has been made in the accounts for employees with less than nine years of continued service. The amount is payable when the employee ceases employment with the Corporation. The cash amount of the accrued severance pay is segregated into a severance reserve fund.

(d) Redundancy pay

Redundancy pay is recognized as a liability when it is probable that employees will be entitled to benefits and the amount can be reasonably estimated.

(e) Fair Value of Financial Instruments

The company has evaluated the fair values of its financial instruments based on the current interest rate environment, related market values and current pricing of financial instruments with comparable terms. The carrying value of its financial instruments is considered to approximate fair value, unless otherwise indicated.

2. Accounts receivable:

	2010	2009
Trade receivables	$ 60,600	$ 165,084
HST recoverable	58,106	33,171
Employee receivable	1,503	3,011
Accrued interest	-	1,103
Allowance for doubtful accounts	-	(9,758)
	$ 120,209	$ 192,611

3. Long term receivables:

The Agency has entered into a contract with several of its customers to receive payment on the outstanding amounts over a period of 48 months, provided all future fees are paid on a current basis.

4. Severance reserve fund:

The Agency has internally restricted funds for the accrued severance pay liability, these funds are to be used to pay any accrued severance and not to be used in normal business operations. The restricted funds are held in the Agency's operating account that bears interest.

5. Capital assets:

	2010			2009
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer hardware and software	$ 457,972	$ 374,461	$ 83,511	$ 99,092
Furniture and equipment	285,862	183,671	102,191	128,660
Integrated assessment system	1,109,343	1,062,902	46,441	66,344
Buildings	1,034,653	90,384	944,269	880,085
Land	208,221	-	208,221	208,221
	$3,096,051	$1,711,418	$1,384,633	$1,382,402

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2010

6. Severance and vacation pay:

As at the time of incorporation, the Corporation assumed liabilities for severance pay, vacation and accrued overtime associated with employees transferred to the Corporation resulting in an opening deficit in the amount of $366,950. During fiscal 2001, an agreement was reached with the province to fund this liability by a payment of $160,000, which represented the present value of the liability as calculated by management.

The provision for severance and vacation pay consists of the following:

Severance pay	**2010**	**2009**
Opening balance	$ 886,920	$ 789,917
Current year expense	57,572	97,003
Closing balance	$ 944,492	$ 886,920

Vacation pay	**2010**	**2009**
Opening balance	$ 231,713	$ 204,765
Current year expense	46,512	26,948
Closing balance	$ 278,225	$ 231,713

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2010

7. **Commitments and Contingencies:**

The Agency has a lease for office space in Corner Brook, Newfoundland. The term of the lease is 5 years, starting October 1, 2007 and ending on September 30, 2012, with the option to renew for a further term of up to 5 years. The monthly rental fee is $4,174. Future minimum lease payments total $125,220 and include the following payments over the next 2.5 years: 2010 - $37,566; 2011 - $50,088; 2012 - $37,566.

The Agency has a lease for office space in Conception Bay South, Newfoundland. The term of the lease is 2 years, starting October 1, 2009 and ending on September 30, 2011, with the option to renew for an additional two year term. The monthly rental fee is $400. Future minimum lease payments total $7,200 and include the following payments over the next 1.5 years: 2010 - $3,600; 2011 - $3,600.

The Agency has a lease for office space in Clarenville, Newfoundland. The term of the lease is 5 years, starting May 1, 2008. The monthly rental fee is $350. Future minimum lease payments total $12,950 and include the following payments over the next 3.75 years: 2010 - $3,150; 2011 - $4,200; 2012 - $4,200; 2013 - $1,400.

The Agency has prepared property valuations which are subject to litigation to which the Agency has been included as a third party defendant. These claims could be considered to be in the normal course of the Agency's activities. Neither the possible outcome nor the amount of possible settlement can be foreseen. Therefore, no provision has been made in the financial statements.

8. **Comparative Figures:**

Certain comparative figures have been reclassified to conform to the current year's presentation.